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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 2014

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 2014, together with the comparative audited figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

		2014	2013
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**76,906**	98,350
Cost of sales and services		**(24,201)**	(25,346)
Gross profit		**52,705**	73,004
Other income	*4*	**4,706**	4,162
Selling and marketing expenses		**(11,399)**	(3,936)
Administrative expenses		**(34,609)**	(35,204)
Provision for a claim		**–**	(3,222)
Gain on disposal of subsidiaries		**17,690**	–
Reversal of impairment loss on amount due from an associate		**–**	7,520
Increase in fair value of derivative financial liabilities		**–**	(15,263)
Share of result of an associate		**(209)**	–
Finance costs	*5*	**(390)**	(5,534)
Profit before tax		**28,494**	21,527
Income tax expense	*6*	**(4,559)**	(11,144)
Profit for the year	*7*	**23,935**	10,383

	Notes	**2014**	2013
		RMB'000	*RMB'000*
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation and other comprehensive income (expense) for the year		**6,403**	(4,711)
Total comprehensive income for the year		**30,338**	5,672
Profit (loss) for the year attributable to:			
Owners of the Company		**24,233**	7,712
Non-controlling interests		**(298)**	2,671
		23,935	10,383
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**30,636**	3,001
Non-controlling interests		**(298)**	2,671
		30,338	5,672
Earnings per share	*9*		
Basic and diluted (RMB cent(s))		**0.58**	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Plant and equipment		**5,534**	10,730
Intangible assets	*10*	**102,483**	111,925
Goodwill	*11*	**378,852**	373,920
Interest in an associate		**841**	–
Available-for-sale investments		**–**	1,953
		487,710	498,528
Current assets			
Trade and other receivables	*12*	**80,104**	70,320
Amount due from an associate		**–**	11,740
Amount due from a director		**–**	352
Amount due from non-controlling interest holder		**–**	–
Bank balances and cash		**83,361**	50,917
		163,465	133,329
Current liabilities			
Trade and other payables	*13*	**41,752**	27,969
Amount due to a shareholder		**30**	1,563
Provision for a claim		**–**	10,722
Income tax payable		**12,843**	11,856
Bank and other borrowings		**5,000**	18,000
		59,625	70,110
Net current assets		**103,840**	63,219
Total assets less current liabilities		**591,550**	561,747
Capital and reserves			
Share capital		**34,920**	205,864
Convertible preference share capital		**–**	67,027
Reserves		**529,526**	259,662
Equity attributable to owners of the Company		**564,446**	532,553
Non-controlling interests		**2,241**	2,539
Total equity		**566,687**	535,092
Non-current liability			
Deferred tax liability		**24,863**	26,655
		591,550	561,747

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 which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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)"), amendments and Interpretations ("Int(s)"), issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Hong Kong (IFRS Interpretations Committee) ("HK(IFRIC)") – Int 21	Levies

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.

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:

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

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 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have 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, are measured at FVTOCI. 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 fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have 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.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

i) at cost;

ii) in accordance with HKFRS 9 (or HKAS 39); or

iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The amendments to HKFRS 10 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Company does not have any investment in joint operations, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10 and HKAS 28 will have a material impact on the Company's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

As the Company does not have any investments in investment entities, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Company's financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgment in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

New Hong Kong Companies Ordinance

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

	2014	2013
	RMB'000	*RMB'000*
LED advertising services income	**–**	437
Media business consultancy and TV programmes distribution income	**7,378**	30,690
Educational consultancy and online training and education services income	**69,528**	67,223
	76,906	98,350

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;

3. Securities trading – trading of financial assets at fair value through profit or loss; and

4. Educational consultancy and online training and education – provision of educational consultancy services and online training and education services.

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 2014

	Advertising media *RMB'000*	Other media *RMB'000*	Securities trading *RMB'000*	Educational consultancy and online training and education *RMB'000*	Total *RMB'000*
REVENUE					
External sales	–	7,378	–	69,528	76,906
Segment profit	32	6,097	–	23,199	29,328
Gain on disposal of subsidiaries					17,690
Unallocated other income					511
Unallocated corporate expenses					(18,945)
Finance costs					(90)
Profit before tax					28,494

For the year ended 31 December 2013

	Advertising media *RMB'000*	Other media *RMB'000*	Securities trading *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
Unallocated other income					1,851
Unallocated corporate expenses					(24,420)
Finance costs					(5,534)
Profit before tax					21,527

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, write off of other payable, gain on disposal of subsidiaries, certain finance costs, certain write off of other receivables 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:

	2014	2013
	RMB'000	*RMB'000*
Segment assets		
Advertising media	**307**	5,228
Other media	**69,905**	45,934
Securities trading	**–**	–
Educational consultancy and online training and education	**475,708**	500,187
Total segment assets	**545,920**	551,349
Unallocated corporate assets	**105,255**	80,508
Consolidated assets	**651,175**	631,857
Segment liabilities		
Advertising media	**11,228**	14,350
Other media	**17,154**	28
Securities trading	**–**	–
Educational consultancy and online training and education	**16,455**	10,023
Total segment liabilities	**44,837**	24,401
Unallocated corporate liabilities	**39,651**	72,364
Consolidated liabilities	**84,488**	96,765

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, available-for-sale investments, amounts 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 shareholder, income tax payable, deferred tax liability and certain bank and other borrowings.

Other segment information

For the year ended 31 December 2014

	Advertising media *RMB'000*	Other media *RMB'000*	Securities trading *RMB'000*	Educational consultancy and online training and education *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(Note)*	**30**	**–**	**–**	**2,551**	**–**	**2,581**
Depreciation and amortisation	**601**	**14**	**–**	**14,321**	**1,435**	**16,371**
Loss on disposal of plant and equipment	**2**	**–**	**–**	**–**	**–**	**2**
Impairment loss on plant and equipment	**570**	**–**	**–**	**–**	**–**	**570**
Impairment loss on intangible assets	**368**	**–**	**–**	**–**	**–**	**368**
Write off of trade and other payables	**(3,410)**	**–**	**–**	**–**	**–**	**(3,410)**
Share of result of an associate	**–**	**–**	**–**	**–**	**209**	**209**
Impairment loss on trade and other receivables	**112**	**–**	**–**	**–**	**–**	**112**
Write off of other receivables	**–**	**805**	**–**	**–**	**735**	**1,540**
Reversal of impairment loss on trade and other receivables	**–**	**(535)**	**–**	**–**	**–**	**(535)**
Interest in an associate	**–**	**–**	**–**	**841**	**–**	**841**
Interest expenses	**–**	**300**	**–**	**–**	**90**	**390**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Interest income	**–**	**–**	**–**	**–**	**(511)**	**(511)**
Share-based payment expenses	**–**	**–**	**–**	**–**	**1,257**	**1,257**
Income tax expense	**–**	**1,595**	**–**	**2,964**	**–**	**4,559**

For the year ended 31 December 2013

	Advertising media *RMB'000*	Other media *RMB'000*	Securities trading *RMB'000*	Educational consultancy and online training and education *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or 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 on intangible assets	2,803	–	–	–	–	2,803
Impairment loss on amount due from non-controlling interest holder	203	–	–	–	–	203
Provision for a claim	3,222	–	–	–	–	3,222
Write off of trade and 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)
Interest expenses	–	–	–	–	5,534	5,534
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Interest income	–	–	–	–	(55)	(55)
Share-based payment expenses	–	–	–	–	1,169	1,169
Increase in fair value of derivative financial liabilities	–	–	–	–	15,263	15,263
Income tax expense	6	4,525	–	6,613	–	11,144

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	
	2014	2013
	RMB'000	*RMB'000*
PRC	**485,643**	493,152
Hong Kong	**2,067**	3,423
	487,710	496,575

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:

	2014	2013
	RMB'000	*RMB'000*
Customer A[1]	**10,134**	N/A[2]
Customer B[1]	**9,199**	N/A[2]
Customer C[1]	**8,112**	N/A[2]
Customer D[1]	**N/A[2]**	18,733
Customer E[1]	**N/A[2]**	18,304
Customer F[1]	**N/A[2]**	13,553

1 Revenue from educational consultancy and online training and education.

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
Reversal of impairment loss on trade and other receivables	**535**	550
Interest income	**511**	55
Government subsidies *(Note)*	**74**	1,761
Write off of trade and other payables	**3,410**	1,792
Others	**176**	4
	4,706	4,162

Note: Government subsidies 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 both years.

5. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**390**	360
Effective interest expenses on convertible loan notes	**–**	5,174
	390	5,534

6. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
– current year	**6,618**	11,910
Deferred tax	**(2,059)**	(766)
	4,559	11,144

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 the PRC subsidiaries is 25% for both years. During the years ended 31 December 2014 and 2013, a PRC subsidiary, Chuanglian Zhongren, of the Group was recognised as high technology enterprise and entitled a preferential tax rate of 15%.

Provision for PRC Enterprise Income Tax has been made for the years ended 31 December 2014 and 2013 based on the estimated assessable profit derived from the PRC.

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2014 and 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 FOR THE YEAR

Profit for the year has been arrived at after charging:

	2014	2013
	RMB'000	*RMB'000*
Directors' emoluments	**1,475**	2,052
Other staff costs (excluding directors' and chief executive's emoluments)	**14,567**	8,859
Share-based payment expenses (excluding directors' and chief executive's emoluments)	**1,136**	1,057
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	**1,118**	671
Total staff costs	**18,296**	12,639
Auditor's remuneration	**955**	791
Share-based payment expenses granted to consultants *(Note)*	**104**	96
Depreciation for plant and equipment	**5,227**	4,510
Amortisation of intangible assets (included in cost of services)	**11,144**	4,288
Impairment loss on trade and other receivables	**112**	–
Write off of other receivables	**1,540**	–
Impairment loss recognised on amount due from non-controlling interest holder	**–**	203
Net foreign exchange losses	**3**	126
Impairment loss on intangible assets (included in cost of services)	**368**	2,803
Impairment loss on plant and equipment	**570**	–
Loss on disposal of plant and equipment	**2**	–
Operating lease rentals in respect of rented premises	**8,103**	7,445

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 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

9. EARNINGS PER SHARE

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

	2014	2013
Profit	***RMB'000***	*RMB'000*
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**24,233**	7,712

	2014	2013
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basis earnings per share	**4,169,023**	2,358,495

The preference shares to be issued under contingent consideration arrangement was included in the computation of basis earnings per share for the year ended 31 December 2013 as the profit guarantee was met as at 31 December 2013.

Diluted earnings per share is same as basis earnings per share for the years ended 31 December 2013 and 2014. The computation of diluted earnings 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.

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 2013	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
Addition	–	–	–	1,000	–	1,000
Exchange realignment	–	–	–	26	1,090	1,116
At 31 December 2014	680,320	42,403	1,144	9,418	108,281	841,566
AMORTISATION AND IMPAIRMENT						
At 1 January 2013	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
Provided for the year	24	–	–	3,902	7,218	11,144
Impairment loss recognised	368	–	–	–	–	368
Exchange realignment	–	–	–	12	34	46
At 31 December 2014	680,320	42,403	1,144	5,366	9,850	739,083
CARRYING VALUES						
At 31 December 2014	–	–	–	4,052	98,431	102,483
At 31 December 2013	392	–	–	6,940	104,593	111,925

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.

Subsequent to the year ended 31 December 2014, the directors of the Company considered the LED outdoor advertising business had slowed down and entered into agreements with a non-controlling shareholder to transfer all assets and liabilities regarding the LED outdoor advertising business to the non-controlling shareholder in exchange of 49% equity interest of a subsidiary of the Company. After the transaction, such subsidiary is wholly-owned by the Group which is in net liability position and become inactive. The Group recognised a impairment loss of approximately RMB368,000 (2013: RMB2,803,000) in relation to LED display advertising right as the directors of the Company considered that there is no value for the 49% equity interest of the subsidiary acquired.

(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 and 2014.

(iii) Other advertising right represents fees paid for 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 1 January 2013	18,262
Arising on acquisition of a subsidiary	359,739
Exchange realignment	(4,081)
At 31 December 2013	373,920
Exchange realignment	4,932
At 31 December 2014	378,852
CARRYING VALUES	
At 31 December 2014	378,852
At 31 December 2013	373,920

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

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**18,969**	29,096
Less: impairment loss recognised	**(4,183)**	(4,606)
	14,786	24,490
Deposits for TV programmes production	**43,455**	22,645
Other receivables	**1,509**	1,192
Less: impairment loss recognised	**(137)**	(136)
	44,827	23,701
Deferred cash consideration for disposal of a subsidiary	**18,591**	–
Deposits	**1,205**	21,451
Prepayments	**695**	678
	80,104	70,320

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 2014 and 2013. The following is an aged analysis of trade receivables net of accumulated impairment losses presented based on the invoice date at the end of reporting period which approximate the respective revenue recognition date.

	2014	2013
	RMB'000	*RMB'000*
Within 30 days	**6,287**	211
31 to 60 days	**504**	18,461
61 to 180 days	**2,796**	739
181 to 365 days	**4,817**	4,579
Over 365 days	**382**	500
	14,786	24,490

13. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**205**	3,792
Other payables	**3,879**	2,574
Fund advance for TV programmes production	**11,790**	–
Payable of litigation claim	**10,639**	–
Receipts in advance	**12,763**	4,993
Accruals	**2,476**	16,610
	41,752	27,969

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

	2014	2013
	RMB'000	*RMB'000*
Within 30 days	**–**	177
Over one year	**205**	3,615
	205	3,792

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.

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 2014, 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 2014, the Group recorded a turnover of approximately RMB76,906,000 (2013: approximately RMB98,350,000), representing a decrease of 21.8% as compared to that of last year. Of these, turnover derived from advertising media income and consultancy service income, TV programmes distribution services income and educational consultancy and online training were approximately nil, RMB7,378,000 and RMB69,528,000 respectively (2013: approximately RMB437,000, RMB30,690,000 and RMB67,223,000 respectively).

Administrative expenses for the year ended 31 December 2014 was approximately RMB34,609,000 (2013: approximately RMB35,204,000), representing a slight decrease of 1.7% as compared to that of last year. Selling and marketing expenses for the year ended 31 December 2014 was approximately RMB11,399,000 (2013: approximately RMB3,936,000), representing a significant increase of 190% as compared to that of last year.

The profit for the year attributable to owners of the Company aggregated at approximately RMB24,233,000 (2013: approximately RMB7,712,000). The basic earnings per share for the year ended 31 December 2014 was RMB0.58 cent (2013: RMB0.33 cent).

Business Review

During the year under review, the Group was principally engaged in the provision of the online training and education services.

As one of the pioneers of online education in the PRC, the online education services focus mainly on providing on-the-job training to civil servants of various government bodies of mainland China and professional technical personnel of corporate units, providing them with education and training relating to job adaptation and skill enhancement. According to the PRC law and the requirements of relevant provisions, civil servants have to undertake graded all-round training and have to attend stipulated courses. Professional technical personnel must also guarantee to attend continuing education for a certain time each year. The above personnel obtain learning outcomes recognized by the Ministry of Human Resources and Social Security by attending public and professional courses to satisfy their job requirements and professional development needs.

We are committed to provide on-the-job training for civil servants and continuing education for professional and technical personnel, and strive to become their life-long, comprehensive online learning partners.

In 2014, our revenue and profit from educational consultancy and online training recorded steady growth despite the fast-changing and competitive market environment, which has consolidated our leading position in the market of professional online education services. In 2014, we relied on our self-developed core network service management platform to link up internet learning service, training management and educational resource trading together, and support large-scale online learning at the same time, providing civil servants and professional technical personnel from 6 provinces, 16 cities and 9 national ministries with up to 69 different categories of online education services. Students who paid for their training amounted to over 3.3 million people.

Business Outlook

In 2015, we will make good use of the policies of the PRC government for online vocational education and continuing education, based on the technological innovation of our core business, quality enhancement and brand impact, to focus on the following three aspects:

1) Further promote our online training and education services to the personnel of Ministry of Human Resources and Social Security of the PRC;

2) Through providing technical support and services for “China Association for Continuing Engineering Network” and its “National Continuing Education Public Services Platform”, “National Professional Technical Personnel Knowledge Renovation” website and its “National Professional Technical Personnel Data Management Platform, we will enhance our business influence and brand quality, in order to consolidate the leading position in the field of on-the-job continuing education and online services, and will endeavor to make use of our platform to accelerate the growth of our user base, with a view to better serve a larger scale of professional technical personnel and satisfying their continuing learning needs.

3) Since 2014, we have cooperated with China Electronic Commerce Association of the Ministry of Industry and Information Technology as well as the National Occupational Capability Evaluation Centre of the National Development and Reform Commission and jointly launched the "National e-business applications employing online learning platform", to train a group of managers and employees in the e-business field, solve the employment and business start-up problems of university graduates, and promote the rapid development of e-commerce. On 10 March 2015, we signed the "National Rural Grassroots Cadres (Village) E-business Training Cooperation Agreement" with China E-business Association of the Ministry of Industry and Information Technology, aligning with the State Council Document No. 1 which addresses the "three rural issues", aiming at carry out the development of e-business training for national rural grassroots cadres and promoting "production, supply, sale" of agricultural supplements.

Regarding the development of the new business group resources, there are 2 directions:

1. The current-term central government issued the "State Council on accelerating the development of pension service industry", which stated that until 2020, the national pension organizations, home care and nursing services would provide more than 10 million job vacancies. "Community-based social pension services system construction plan (2011– 2015)" proposed to strengthen professional education and training for pension service, promoting professional qualification examinations and certification for pension service nurses. We entered into a strategic cooperation agreement with the authority responsible for the training of pension service personnel in the PRC, and strived to better meet the learning desire of the relevant professional groups through our comprehensive online/ mobile e-learning platform, so as to create an pension service e-commerce platform.

2. At the end of 2014 and in early 2015, we entered into strategic cooperation agreements with The Group and Research Center for Professional Managers which is under the State-owned Assets Supervision and Administration ("SASAC") of the State Council of the PRC, New Oriental Xuncheng Network Technology Co. Ltd, Study & Sun International Education Group and many other institutions. We will strive to deepen relationships with these strategic business partners in 2015. With their respective advantages in areas such as high quality training for professional managers, building construction professional qualifications and professional English, we will make the products of strategic partners available to our students through the support of our core network services platform.

In 2015, we will continue to invest heavily in several long-term projects that we consider as strategic and these projects include:–

1) to purchase content and improve user experience for online education services;

2) to promote online/mobile online educational services promotion from PC, mobile terminals to home TV terminal, provide our student users with cross-platform facing their families and education system with multi-screen linkage;

3) to set up branch offices in those provinces in mainland China with well-developed cooperation foundation and brand influence, cooperating with local or cross boarder professional institutions, enhancing the education level of professionals and satisfying offline education and training service needs.

Liquidity and Financial Resources

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

As at 31 December 2014, the Group had bank balances and cash of approximately RMB83,361,000 as compared to the bank balances and cash of approximately RMB50,917,000 as at 31 December 2013.

The Group's net current assets totalled approximately RMB103,840,000 as at 31 December 2014, against approximately RMB63,219,000 as at 31 December 2013. The Group's current ratio was approximately 2.74 as at 31 December 2014 as compared with 1.90 as at 31 December 2013.

Gearing Ratio

The gearing ratio of the Group (measured as total liabilities to total assets) was approximately 13% as at 31 December 2014 (2013: 15.3%).

Capital Structure

As at 31 December 2014, the Company's issued share capital was approximately HK$41,690,000 (2013: approximately HK$236,902,000) and the number of its issued ordinary shares was 4,169,023,000 shares of HK$0.01 each.

The Court of Cayman has approved the proposal of the Capital Reorganisation, pursuant to which (i) the par value of each of the issued Existing Shares will be reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 per issued Existing Share; and (ii) each unissued Existing Share in the authorised share capital of the Company shall be subdivided into 10 New Shares of HK$0.01 each such that the Company shall have an authorised share capital of HK$1,200,000,000 divided into 100,000,000,000 New Shares of a nominal value of HK$0.01 each and 2,000,000,000 Preferred Shares of a nominal value of HK$0.10 each.

Details regarding the approval have been set out in the announcement dated 18 June 2014 published by the Group.

Material Transaction

Connected Transaction in relation to the Provision of Loan

On 16 May 2014, 北京創聯中人技術服務有限公司 (Beijing Chuanglian Zhongren Technical Service Company Limited* or the "Lender") entered into a loan agreement with 北京創聯教育投資有限公司 (Beijing Chuanglian Education Investment Company Limited* or the "Borrower"), pursuant to which the Lender agreed to grant to the Borrower a loan in the principal amount of RMB7,000,000 (equivalent to approximately HK$8,710,100 at exchange rate of RMB1:HK$1.2443), with a term of one year (the "Loan").

The Borrower, is a variable interest entity whose entire beneficial interests are held by the Mr. Lu Xing (the "Guarantor"). References are made to (i) the Company's circular dated 28 June 2013; (ii) the Company's announcements dated 9 September 2012, 24 July 2013, 8 August 2013 and 5 May 2014, regarding, among other matters, a major transaction of the Company in relation to the acquisition of the entire issued share capital of Housden Holdings Limited involving issue of preferred shares of the Company. As the Guarantor would become a substantial shareholder of the Company, each of the Guarantor and the Borrower will become a connected person of the Company under the Listing Rules and the Loan constitutes a connected transaction accordingly.

As each of the applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement exceed 0.1% but are less than 5% and the principal amount is less than HK$10 million, such transaction is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Loan have been set out in the announcement dated 16 May 2014 published by the Company.

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 2014, 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 2014, the Group did not have any charges on its assets (2013: Nil).

* *for identification purposes only*

Contingent Liabilities

On 12 June 2010, an indirectly-owned subsidiary of the Company, ChuangZhi LiDe (Beijing) Technology Development Limited* (創智利德(北京)科技發展有限公司 or "ChuangZhi LiDe") 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 has 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, provision of RMB7,500,000 in respect of such claim was made and included in other payables in the condensed consolidated financial statements.

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 Japan Chijian and borne the related court expenses of approximately RMB129,000. However, an appeal was applied by the Group on 30 December 2013.

As advised by Chuangzhi LiDe on 9 April 2014, High Court of Hebei province* (河北省高級人民法院) (the "High Court") promulgated the final decision, which the judgment issued by the Intermediate Court has been upheld. Accordingly, ChuangZhi LiDe has to pay an amount of approximately RMB10,342,000 plus the accrued interest with reference to the loan interest rate determined by the People's Bank of China as from 16 April 2008 until payment thereon to Japan Chijian and borne the related court expenses of approximately RMB206,000.

The total provision for the litigation claims in the consolidated financial statement of the Group as at 31 December 2013 was approximately RMB10,722,000 and the Board considered that the amount is adequate and no further provision is required. After due and careful consideration, the Board resolved not to lodge further appeal against the High Court ruling. It is in the interest of the Company and the shareholders of the Company as a whole and has no material adverse impact on the existing business of the Group.

Details regarding the above-mentioned legal proceedings have been set out in the announcement dated 22 April 2014 published by the Company.

Save as disclosed herein, as at 31 December 2014, the Group did not have any material contingent liabilities.

* *for identification purposes only*

Capital Commitment

As at 31 December 2014, the Group had outstanding capital commitment in respect of the investment of 35% of the issued share capital of an associate Guangxi Beibu Gulf Guolian Jichuang Education Investment Company Limited* (廣西北部灣國聯集創教育投資有限公司), of approximately RMB1,050,000 (2013: RMB Nil).

Event after the Reporting Period

On 2 February 2015, the Group entered into a sale and purchase agreement with the non-controlling interest holder of the Group to transfer all the LED advertising business related assets and liabilities in Shanghai to the non-controlling interest holder in exchange of 49% equity interest of Shanghai Chengcai Cultural Media Company Limited* (上海晟彩文化傳播有限公司) which was a non-wholly owned subsidiary of the Group.

Employee Information and Remuneration Policy

As at 31 December 2014, the Group has 115 employees (2013: 122 employees) in Hong Kong and the PRC. The total staff cost is approximately RMB18,296,000 for the year ended 31 December 2014 (2013: approximately RMB12,639,000).

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 2014, there are 36,400,000 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 4 June 2015 to 8 June 2015, 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

* *for identification purpose only*

Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 3 June 2015.

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

During the year, the Company has issued and allotted 1,800,000,000 new ordinary shares by means of conversion of preferred shares at the conversion rate of 1 preferred share to 1 ordinary share.

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 2014, 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 2014, the chairman of the Board was performed by Mr. Lu Xing and the Company did not have 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 2014.

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 2014 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 8 June 2015 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 2014 of the Company will also be published on the aforesaid websites in due course.

By order of the Board
China Chuanglian Education Group Limited
Lu Xing
Chairman

Hong Kong, 31 March 2015

As at the date of this announcement, the Board comprises Mr. Lu Xing (Chairman), Mr. Li Jia and Mr. Liu Zhong Hua as executive Directors; Mr. Leung Siu Kee, Mr. Han Bing and Ms. Wang Shuping as independent non-executive Directors.