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 2016

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 2016, together with the comparative audited figures for the year ended 31 December 2015.

RESULTS HIGHLIGHTS

	For the year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Reported financial information		
Revenue	**89,070**	97,281
Gross profit	**14,713**	62,517
Loss before tax	**(198,540)**	(293,896)
Loss attributable to owners of the Company	**(189,233)**	(298,658)
Basic loss per share *(RMB' cents)*	**(4.07)**	(6.69)
Adjusted financial information#		
(Loss) profit before tax	**(74,592)**	20,125
(Loss) profit attributable to owners of the Company	**(65,618)**	15,363
Basic (loss) earnings per share *(RMB' cent)*	**(1.41)**	0.34

Adjusted financial information refers to activities for the period excluding share-based payments and impairment losses charged / reversed.

RESULTS

For the year ended 31 December 2016, the Group recorded a revenue of approximately RMB89,070,000 (2015: approximately RMB97,281,000), representing a decrease of approximately 8.4% as compared to that of last year. The loss attributable to owners of the Company for the year ended 31 December 2016 was approximately RMB189,233,000, as compared to a loss of approximately RMB298,658,000 in the past year.

INDUSTRY REVIEW

The popularity of the internet in the PRC has continued to grow rapidly in the recent years, especially the form of application of mobile internet is the most booming. According to the data published by the National Bureau of Statistics of China, the population of local internet users in the PRC increased from approximately 457 million in 2010 to approximately 731 million in 2016, representing compound annual growth rates of approximately 8.1%. Out of the total population of local internet users in the PRC of 2016, approximately 695 million users were mobile internet users. This can demonstrate the significance and importance of mobile internet in the internet industry.

The market value of the online education industry in the PRC is enormous. According to www.chinaedunet.com (中國教育網), the market value of the online education industry is estimated to be approximately RMB173.4 billion and the number of online education users is estimated to be approximately 120 million in 2017.

We expect the market of education industry in the PRC will continue to grow, especially the online education as a result of the increasing popularity of the internet, in light of the change in the economy structure and the corresponding increase in the in the demand for talented personnel in the PRC. We believe that there are plenty rooms for expansion and development of the Group' s online education and training businesses.

BUSINESS REVIEW

The Group is principally engaged in the provision of the online training and education services in the PRC. As one of the very few pioneers of online education providers in the PRC, our existing business mainly focus on providing vocational training in relation to job adaption and skill enhancement to civil servants and professional technical personnel, including but not limited to lawyers, accountants, doctors, teachers, etc., in the PRC. According to the PRC laws and the requirements under relevant provisions, civil servants and professional technical personnel in the PRC are required to undertake an annual required minimum continuing professional training in both public required subjects and relevant professional subjects in order to satisfy their corresponding job requirements and professional development needs.

Leveraging on our self-developed core network service management platform to link up internet learning service, training management, educational resources which is operated via cable television, the internet and telecommunication networks across the entire ecological environment of the different network integration, we are capable of providing online learning service to approximately 7 million civil servants and 65 million professional technical personnel in China.

The Group is operating over 200 online education platform. During 2016, we had provided 4 million people with online learning service and accumulated over 60 million service hours and the registered users of the mobile terminal learning platform, Rongxue App* (融學App) recently exceeded 1 million.

We are committed to providing online vocational training to civil servants and professional technical personnel and strive to become their one-stop, life-long and comprehensive online learning partner. Apart from providing its own courses on the platform, the Group is also keen on cooperating with different well-known professional course providers, providing top class professional knowledge for the users to help with their career development. We have accumulated over 7,000 hours of video program contents in the past few years.

During the year ended 31 December 2016, the revenue from the online training and education services business is the major contributor of the Group’ s revenue and accounted for approximately 99.1% (2015: approximately 89.3%) of the Group’ s revenue. The Directors expect that the online training and education services business will continue to dominate the revenue mix of the Group in the foreseeable future.

FUTURE PLANS

We believe that training and education is a life-long process. Building on our existing foundation in online vocational training and education, we will continue to explore into other areas of education. In 2016, the Group has already taken certain steps to enter into both the kindergarten education and K12 education (i.e. primary and secondary education). We believe that the establishment of a brand in education with "Chuanglian Education" and guaranteed quality of education services will help the learners to tailor for their different needs during the different phases throughout their lives.

By providing life-long online learning services to learners, the Group has accumulated a large amount of accurate data and will continue to accumulate more data in the foreseeable future. We believe such large amount of accurate data can help us to find out the other needs of the users through data analysis so that we can provide additional non-education related services and products to our users with clear direction. The Group has participated to establish the first mutual life insurance agency in the PRC, 信美人壽相互保險社("Xinmei Mutual Life Insurance Agency*") and commenced to promote services and products such as insurance products, including corresponding insurance products to our users to tailor for their different needs and requirements. We believe by providing additional products and services through our platform can gradually enhance the users' loyalty towards our platforms and cohesion and help to create a virtual community within our users which can give rise to other future business opportunities.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** ***RMB'000***	2015 *RMB'000*
Revenue	3	**89,070**	97,281
Cost of sales and services		**(74,357)**	(34,764)
Gross profit		**14,713**	62,517
Other income	4	**2,635**	7,818
Selling and marketing expenses		**(19,238)**	(19,008)
Administrative expenses		**(80,691)**	(57,426)
Provision for a claim		**(2,000)**	-
Impairment loss on goodwill		**(50,129)**	(295,433)
Impairment loss on associates		**–**	(1,643)
Impairment loss on intangible assets		**(37,414)**	-
Unrealised (loss) gain on fair value change of held for trading investments		**(25,728)**	9,624
Share of result of associates		**(320)**	(3)
Finance costs	5	**(368)**	(342)
Loss before tax		**(198,540)**	(293,896)
Income tax credit (expenses)	6	**6,645**	(2,753)
Loss for the year	7	**(191,895)**	(296,649)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations and other comprehensive income for the year		**3,357**	6,796
Total comprehensive expenses for the year		**(188,538)**	(289,853)
(Loss) profit for the year attributable to:			
Owners of the Company		**(189,233)**	(298,658)
Non-controlling interests		**(2,662)**	2,009
		(191,895)	(296,649)
Total comprehensive (expenses) income for the year attributable to:			
Owners of the Company		**(185,876)**	(291,862)
Non-controlling interests		**(2,662)**	2,009
		(188,538)	(289,853)
Loss per share	9		
Basic and diluted (RMB cents)		**(4.07)**	(6.69)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Non-current assets			
Plant and equipment		**33,828**	4,936
Intangible assets	10	**49,685**	92,599
Goodwill	11	**38,290**	83,419
Interests in associates		**875**	1,195
Available–for–sale investments		**23,498**	-
Deposit paid for acquisition of available–for–sale investment		**25,000**	-
Prepayment for acquisition of plant and equipment		**880**	10,651
		172,056	192,800
Current assets			
Trade and other receivables	12	**23,502**	102,632
Held for trading investments		**12,578**	28,000
Bank balances and cash		**113,181**	191,776
		149,261	322,408
Current liabilities			
Trade and other payables	13	**48,647**	43,705
Amount due to a shareholder		**141**	188
Provision for a claim		**2,000**	-
Income tax payable		**13,365**	12,433
Bank borrowing		**-**	4,990
		64,153	61,316
Net current assets		**85,108**	261,092
Total assets less current liabilities		**257,164**	453,892
Capital and reserves			
Share capital		**38,786**	38,786
Reserves		**204,526**	386,969
Equity attributable to owners of the Company		**243,312**	425,755
Non-controlling interests		**2,207**	5,334
Total equity		**245,519**	431,089
Non-current liability			
Deferred tax liability		**11,645**	22,803
		257,164	453,892

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, 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 HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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 [2]
HKFRS 15	Revenue from Contracts with Customers [2]
HKFRS 16	Leases [3]
Amendments to HKAS 7	Disclosure Initiative [1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions [2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle [5]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective date not yet been determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The directors of the Company anticipate that, except as described below, the application of the 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 (2014), 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 (2014) 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 (2014) 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 (2014) 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 2018 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.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Amendment to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 7 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 Amendments to HKAS 7 will result in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for services rendered net of sales related taxes for the year. An analysis of the Group's revenue for the year is as follows:

	2016	2015
	RMB'000	*RMB'000*
Media business consultancy and TV programmes distribution income	**783**	10,389
Educational consultancy and online training and education services income	**88,287**	86,892
	89,070	97,281

Information reported to the executive 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. Other media – provision of consultancy and media business operation services and TV programmes distribution services;

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

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

The executive directors of the Company, after considering the status of the advertising media, decided that no information of the advertising media is reported for the purposes of resources allocation and assessment of segment performance and it is no longer the Group's reportable and operating segment. The relevant segment information for the year ended 31 December 2015 was restated and included in unallocated information.

Segment revenue and results

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

For the year ended 31 December 2016

	Other media *RMB'000*	Securities trading *RMB'000*	Educational consultancy and online training and education *RMB'000*	Total *RMB'000*
REVENUE				
External sales	783	–	88,287	89,070
Segment loss	(66,476)	(25,728)	(66,380)	(158,584)
Unallocated other income				1,352
Unallocated corporate expenses				(41,308)
Loss before tax				(198,540)

For the year ended 31 December 2015

	Other media *RMB'000*	Securities trading *RMB'000*	Educational consultancy and online training and education *RMB'000*	Total *RMB'000* *(Restated)*
REVENUE				
External sales	10,389	–	86,892	97,281
Segment (loss) profit	10,276	9,624	(279,052)	(259,152)
Unallocated other income				1,225
Unallocated corporate expenses				(35,969)
Loss before tax				(293,896)

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, write back of other payables, loss on derecognition of other receivables, certain write off of other receivables and depreciation of certain plant and equipment. This is the measure reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

4. OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Reversal of impairment loss on trade and other receivables	**189**	531
Recovery of written off on trade and other receivables	**–**	1,305
Bank interest income	**780**	910
Other interest income *(Note a)*	**92**	110
Government subsidies *(Note b)*	**200**	100
Write back of trade and other payables	**–**	205
Financial consultancy fee income	**–**	3,812
Net foreign exchange gain	**1,167**	845
Others	**207**	–
	2,635	7,818

Notes:

(a) Other interest income was arising from loan to an individual third party during the year ended 31 December 2016 and 2015. In 2016, the loan carried fixed-rate interest at 6% per annum and had been fully settled in September 2016. In 2015, the loan carried fixed-rate interest at 6% per annum and had been fully settled in April 2015.

(b) 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

	2016 *RMB'000*	2015 *RMB'000*
Interest on bank borrowing	**368**	342

6. INCOME TAX EXPENSES

	2016 *RMB'000*	2015 *RMB'000*
PRC Enterprise Income Tax		
– current year	**4,246**	4,813
Hong Kong Profits Tax		
– under provision in prior years	**267**	–
Deferred tax	**(11,158)**	(2,060)
	(6,645)	2,753

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 2016 and 2015, 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 2016 and 2015 based on the estimated assessable profit derived from the PRC subsidiaries.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2016. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2015 as the Group did not have any assessable profit subject to Hong Kong Profits Tax for the year ended 31 December 2015.

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. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2016	2015
	RMB'000	*RMB'000*
Directors' emoluments	**4,107**	4,640
Other staff costs (excluding directors' and chief executive's emoluments)	**38,429**	21,338
Share-based payment expenses (excluding directors' and chief executive's emoluments)	**2,928**	4,868
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	**2,342**	1,387
Total staff costs	**47,806**	32,233
Auditor's remuneration	**1,267**	977
Share-based payment expenses granted to consultants *(Note)*	**14,992**	9,955
Depreciation of plant and equipment	**3,902**	3,217
Amortisation of intangible assets (included in cost of services)	**7,865**	11,801
Loss on derecognition of other receivables	**–**	1,705
Impairment loss on trade and other receivables	**18,589**	–
Loss on disposal of plant and equipment	**21**	403
Operating lease rentals in respect of rented premises	**9,377**	12,158

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

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

9. 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:

Loss	**2016** ***RMB'000***	2015 *RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(189,233)**	(298,658)

Number of shares	**2016** ***'000***	2015 *'000*
Weighted average number of ordinary shares for the purpose of basis loss per share	**4,652,523**	**4,464,893**

Diluted loss per share is same as basic loss per share for the year ended 31 December 2016 and 2015. The computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

10. INTANGIBLE ASSETS

	LED displays advertising right	Consultancy service contracts	Other advertising right	Software	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note i)	*(Note ii)*	*(Note iii)*	*(Note iv)*	*(Note iv)*	
COST						
At 1 January 2015	680,320	42,403	1,144	9,418	108,281	841,566
Additions	–	–	–	1,917	–	1,917
Written off	–	–	(1,144)	–	–	(1,144)
At 31 December 2015	680,320	42,403	–	11,335	108,281	842,339
Additions	–	–	–	2,365	–	2,365
At 31 December 2016	680,320	42,403	–	13,700	108,281	844,704
AMORTISATION AND IMPAIRMENT						
At 1 January 2015	680,320	42,403	1,144	5,366	9,850	739,083
Charge for the year	–	–	–	4,583	7,218	11,801
Eliminated on written off	–	–	(1,144)	–	–	(1,144)
At 31 December 2015	680,320	42,403	–	9,949	17,068	749,740
Charge for the year	–	–	–	647	7,218	7,865
Impairment loss recognised	–	–	–	–	37,414	37,414
At 31 December 2016	680,320	42,403	–	10,596	61,700	795,019
CARRYING VALUES						
At 31 December 2016	–	–	–	3,104	46,581	49,685
At 31 December 2015	–	–	–	1,386	91,213	92,599

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") in 2010.

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

In prior years, the Group recognised a full impairment loss in relation to LED display advertising right as no revenue expected to be generated in the future. No material revenue generated from the LED displays advertising right as at 31 December 2016 and 2015.

(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") in 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.

In prior years, the Group recognised a full impairment loss in relation to consultancy service contracts as the directors of the Company expected that there was a significant decline in income derived from providing consultancy services upon the change in business plan of its customers in 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 2016 and 2015.

(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.

At 31 December 2015, the directors of the Company considered that the advertising right will not put into use in the future and was written-off during the year ended 31 December 2015.

(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 Group in 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 directors of the Company were in the view that the customer relationship has an useful life of 15 years with reference to turnover rate of the customers.

11. GOODWILL

	RMB'000
COST	
At 1 January 2015 and 31 December 2015	378,852
Arising on acquisition of a subsidiary	5,000
At 31 December 2016	383,852
IMPAIRMENT	
At 1 January 2015	–
Impairment loss recognised during the year	295,433
At 31 December 2015	295,433
Impairment loss recognised during the year	50,129
At 31 December 2016	345,562
CARRYING VALUES	
At 31 December 2016	38,290
At 31 December 2015	83,419

Goodwill was arising on the acquisition of Bold Champion in 2011, acquisition of Housden Group in 2013 and acquisition of CL Xinghui in 2016 respectively.

12. TRADE AND OTHER RECEIVABLES

	2016 *RMB'000*	2015 *RMB'000*
Trade receivables	**12,144**	21,070
Less: impairment loss recognised	**(3,803)**	(903)
	8,341	20,167
Deposits for production of TV programmes	**15,634**	52,739
Other receivables	**9,715**	12,341
Less: impairment loss recognised	**(15,731)**	(143)
	9,618	64,937
Deposits	**1,774**	1,759
Prepayments	**3,769**	15,769
	23,502	102,632

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 2016 and 2015. 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.

	2016	2015
	RMB'000	*RMB'000*
Within 30 days	**3,102**	13,859
31 to 60 days	**367**	–
61 to 180 days	**43**	1,188
181 to 365 days	**–**	5,120
Over 365 days	**4,829**	–
	8,341	20,167

13. TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**3,516**	1,000
Other payables	**5,768**	6,556
Fund advance for TV programmes production	**–**	4,790
Payable of litigation claim	**12,115**	11,602
Receipts in advance	**18,023**	16,728
Accruals	**9,225**	3,029
	48,647	43,705

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

	2016	2015
	RMB'000	*RMB'000*
Within 30 days	**3,190**	1,000
Over one year	**326**	–
	3,516	1,000

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 consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 December 2016, the Group recorded a revenue of approximately RMB89,070,000 (2015: approximately RMB97,281,000), representing a decrease of approximately 8.4% as compared to that of last year. Revenue derived from educational consultancy and online training and education and other media were approximately RMB88,287,000 and 783,000 respectively (2015: approximately RMB86,892,000 and RMB10,389,000). The revenue from educational consultancy and online training and education increased slightly by 1.6% and remained as the major revenue contributor of the Group during the current year. However, the business of other media significantly deteriorated in the current year. The television operas produced did not attract sufficient interest from potential buyers and the corresponding revenue generated was significantly lower than the original expectation. Due to the significant deterioration of the business of other media, the management is giving serious consideration as to whether to continue its investment in the other media business in the foreseeable future.

Cost of sales and services for the year ended 31 December 2016 was approximately RMB74,357,000 (2015: approximately RMB34,764,000), representing an increase of approximately an increase of 113.9% as compared to that of last year. The increase in cost of sales and services was mainly due to the increase in production costs of television operas, staff costs and course materials acquisition costs.

Selling and marketing expenses for the year ended 31 December 2016 was approximately 19,238,000 (2015: approximately 19,008,000), representing a slight increase of approximately 1.2% as compared to that of last year. The slight increase in the selling and marketing expenses in the current year was in line with the slight increase of revenue derived from educational consultancy and online training and education.

Administrative expenses for the year ended 31 December 2016 was approximately RMB80,691,000 (2015: approximately RMB57,426,000), representing an increase of approximately 40.5% as compared to that of last year. The increase in administrative expenses was mainly due to the increase in staff costs and provision of impairment of trade and other receivables which was mainly related to the fund advance for television programmes production.

Mainly due to the slower than expected growth of the educational consultancy and online training and education segment and the significant deterioration of the other media segment, impairment losses on goodwill and customer relationship of approximately RMB50,129,000 and RMB37,414,000 respectively were recorded for the year ended 31 December 2016. In addition, there was an unrealised loss on fair value changes of held for trading investments of approximately RMB25,728,000 for the year ended 31 December 2016, compared to an unrealised gain on fair value changes of held for trading investments of approximately RMB9,624,000 in last year.

The loss attributable to owners of the Company for the year ended 31 December 2016 was approximately RMB189,233,000 (2015: loss of approximately RMB298,658,000), representing a decrease of approximately 36.6% as compared to that of last year.

Liquidity and Financial Resources

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

As at 31 December 2016, the Group had bank balances and cash of approximately RMB113,181,000 as compared to the bank balances and cash of approximately RMB191,776,000 as at 31 December 2015.

The Group's net current assets totalled approximately RMB85,108,000 as at 31 December 2016, against approximately RMB261,092,000 as at 31 December 2015. The Group's current ratio was approximately 2.33 as at 31 December 2016 as compared with 5.26 as at 31 December 2015.

Gearing Ratio

The gearing ratio of the Group (measured as total liabilities to total assets) was approximately 23.6% as at 31 December 2016 (2015: 16.3%).

Capital Structure

As at 31 December 2016, the Company's issued share capital was approximately HK$46,525,000 (2015: approximately HK$46,525,000) and the number of its issued shares was 4,652,522,578 ordinary shares of HK$0.01 each.

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 2016, 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 2016, the Group did not have any charges on its assets (2015: Nil).

Capital Commitment

As at 31 December 2016, the Group had outstanding capital commitment in respect of the acquisition of plant and equipment of approximately RMB1,914,000 (2015: RMB1,683,000), 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 RMB1,050,000 (2015: RMB1,050,000) and the investment of 48% of the equity interest of a new company to be established in Shenzhen of RMB3,840,000 (2015: Nil).

Event after the Reporting Period

No important events affecting the Group have occurred since the end of the reporting period.

Employee Information and Remuneration Policy

As at 31 December 2016, the Group had 228 employees (2015: 151 employees) in Hong Kong and the PRC and the total staff costs (including all Directors' remuneration and fees) are approximately RMB47,806,000 for the year ended 31 December 2016 (2015: approximately RMB32,233,000).

We offer competitive remuneration package, including medical and retirement benefits, to eligible employees. In order to attract, retain and motivate eligible employees, including the Directors, the Company has adopted share option schemes (the "Share Option Schemes"). As at 31 December 2016, there were 294,684,000 share options remained outstanding which can be exercised by the grantees of the Share Option Schemes.

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.

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

During the year ended 31 December 2016, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2016.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2016, the Company has applied and complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules except the following deviations:

Code Provision A.2.1

Under the code provision A.2.1, the roles of the chairman and the chief executive should be separate 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 2016, 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 appointment to fill the post as appropriate.

Code Provision A.6.7

Under the code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. All non-executive Directors were not able to attend the extraordinary general meeting on 6 May 2016 and annual general meeting held on 15 June 2016 due to their respective business engagements. Other Board members who attended that general meetings were already of sufficient calibre and number for answering questions raised by the shareholders of the Company (the "Shareholders") at that general meetings.

Code Provision E.1.2

Under the code provision E.1.2, in respect of the communication with Shareholders as absence of the chairman of the Board at the annual general meeting of the Company on 15 June 2016 because the respective chairman had commitments on other business occasions on the same day. An executive Director chaired that annual general meeting and answered questions from the Shareholders.

Code Provision A.2.7

Under the code provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. There is no meeting held between the chairman of the Board and the independent non-executive Directors during the year ended 31 December 2016. In order to adopt sound corporate governance practices continuously in the interest of Shareholders to enhance the overall performance of the Group, the chairman of the Board held a meeting with the independent non-executive Directors on 31 March 2017 without the presence of executive Directors.

Code Provision C.1.2

Under the code provision C.1.2, the management of the company should provide all members of the board with monthly updates giving a balanced and understandable assessment of the group's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management of the Company has kept providing information and updates to the members of the Board as and when appropriate. From 1 January 2017, the management of the Company has provided detailed monthly updates to the members of the Board.

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by its Directors and other relevant employees on terms no less exacting than the required standards in the Model Code as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, each of the Directors confirmed that they complied with the required standards in the Model Code throughout the year ended 31 December 2016.

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. Wu Yalin and Ms. Wang Shuping. The Audit Committee has reviewed the accounting principles and practices adopted by the Group; discussed auditing, risk management, internal control and financial reporting matters; and reviewed the Group's audited consolidated financial statements and annual results for the year ended 31 December 2016.

AUDITED FINANCIAL STATEMENTS

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 15 June 2017 and the notice thereof will be published and despatched to Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 June 2017 to 15 June 2017, both days inclusive, during which period no transfers of shares shall be registered. The holder of shares whose name appears on the register of members of the Company on 15 June 2017 will be entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, 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, Boardroom Share Registrar (HK) Limited, 31/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on 8 June 2017.

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 2016 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 2017

As at the date of this announcement, the Board comprises Mr. Lu Xing (Chairman), Mr. Li Jia, Mr. Wu Xiaodong, Mr. Wang Cheng and Mr. Li Dongfu as executive Directors; and Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping as independent non-executive Directors.

* *For identification purposes only*