China Chuanglian Education Financial Group Limited
中國創聯教育金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018, PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RESIGNATION OF DIRECTOR

The board (the "**Board**") of directors (the "**Directors**") of China Chuanglian Education Financial 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 2018 (the "**Reporting Period**"), together with the comparative audited figures for the year ended 31 December 2017.

RESULTS HIGHLIGHTS

	For the year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Reported financial information		
Turnover	**152,084**	134,022
Gross profit	**82,412**	73,748
Profit (loss) before tax	**10,503**	(18,078)
Profit (loss) for the year	**6,232**	(14,840)
Profit (loss) for the year attributable to owners of the Company	**7,588**	(15,232)
Basic earnings (loss) per share *(RMB' cent)*	**0.15**	(0.33)
Adjusted financial information#		
Profit (loss) before tax	**17,363**	(9,575)
Profit (loss) for the year	**13,092**	(6,337)
Profit (loss) for the year attributable to owners of the Company	**14,448**	(6,729)
Basic earnings (loss) per share *(RMB' cent)*	**0.29**	(0.14)

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 2018, the Group recorded a turnover from continuing operations of approximately RMB152,084,000 (2017: approximately RMB134,022,000), representing an increase of approximately 13.5% as compared to that of last year. Out of the total turnover from continuing operations, approximately RMB131,471,000 (2017: approximately RMB117,933,000)was derived from the educational consultancy and online training segment which accounted for approximately 86.4% of the total turnover for the year ended 31 December 2018, approximately RMB11,091,000 (2017: approximately RMB8,211,000) was derived from on-site training services segment which accounted for approximately 7.3% of the total turnover for the year ended 31 December 2018 and approximately RMB9,522,000 (2017: approximately RMB3,625,000) was derived from the financial services business segment which amounted for approximately 6.3% of the total turnover for the year ended 31 December 2018. The Group recorded a turnaround from loss to profit in the current year. The profit attributable to owners of the Company for the year ended 31 December 2018 was approximately RMB7,588,000, as compared to a loss of approximately RMB15,232,000 in the past year.

INDUSTRY REVIEW

The popularity of the internet in the People's Republic of China (the "**PRC**") has continued to grow rapidly in the recent years. In recent years, as a result of the development of internet which requires higher speed of data transmission, the need for higher speed broadband has also increased significantly. According to the data published by the National Bureau of Statistics of China, the population of fixed line broadband users in the PRC increased from approximately 583 million in 2014 to approximately 1.3 billion in 2018, representing compound annual growth rates of approximately 22.2%. The population of mobile broadband users in the PRC increased from approximately 200 million in 2014 to approximately 407 million in 2017, representing a compound annual growth of approximately 19.4%. We believe the rapid growth of both fixed line and mobile broadband user base would be beneficial to the development of online education and training in the PRC as the higher speed of data transmission would enable smoother streaming of videos and more interactive functions within the online education and training session.

The market value of the education industry in the PRC is enormous. China's education market increased from approximately RMB787 billion in 2013 to approximately RMB1,150 billion in 2017 and is expected to further increase to approximately RMB1,794 billion in 2022. Out of which, the market value of online education industry was approximately RMB170 billion in 2017 and it is expected that the market value of online education industry would be over RMB210 billion in 2019.

We expect the market of education industry in the PRC will continue to grow, especially the online education. The increasing popularity of the internet, the changes in the economy structure and the corresponding increase in the demand for talented personnel in the PRC have created the increasing demand for online education from a macro perspective. The increasing coverage of broadband, advancing technology and increasing popularity and accessibility of online education tools have also enhanced the prominence and advantages of online education from a micro perspective. 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. Being one of the very few pioneers of online education providers in the PRC, we mainly provide vocational training in relation to job adaption and skill enhancement to civil servants and professional technical personnel, such as lawyers, accountants, doctors, teachers, etc., in the PRC. The current population of civil servants and professional technical personnel in the PRC is over 84 million. There are certain requirements under the PRC laws and relevant provisions that 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.

The Group is currently providing online training and education services to its users through internet and telecommunication networks. The Group is operating over 130 online training and education platforms and a mobile terminal learning platform, Rongxue App* (融學 App). Currently, we have over 5 million of paid users. Since the launch of Rongxue App in 2016, its registered users have increased rapidly to nearly 3 million in the current year.

During the year, we continued to expand our online training and education business to more geographical areas in the PRC. Our online training and education business currently covers 18 provinces, autonomous regions and municipalities as well as 40 cities in the PRC.

In addition to the domestic training and education business, the Group commenced its international training and education business during the year. The Group introduced a high quality international curriculum "Innovation Entrepreneurship" program from a professional development center of a prestige American university to the higher education institutions in the PRC. We believe that the "Innovation Entrepreneurship" program can help to enhance the creativity and forward looking capability of young people in the PRC.

Leveraging on the accurate big data accumulated from the online training, the Group has taken certain steps to expand into financial services business. The Group is one of the promotors of Xinmei Mutual Life Insurance Agency* ("**Xinmei Mutual**") (信美人壽相互保險社), the first mutual life insurance agency in the PRC, which launched its formal insurance products in 2017.

In addition, the Group has acquired Beijing Zhongjin Insurance Brokerage Limited* (北京中金保險經紀有限公司) ("**Beijing Zhongjin**") and Well Tunes Financial Group Limited ("**Well Tunes**") in 2017 in order to act as agent of the insurance products from Xinmei Mutal and other insurance companies. The insurance brokerage business achieved a significant progress and recording a revenue of approximately RMB9.5 million for the Reporting Period.

In order to complete the layout of our financial services business, the Group completed the acquisition of the entire equity interest in Premier Management Limited ("**Premier Management**") in September 2018. Premier Management is a corporation licensed under the Securities and Futures Ordinance to conduct type 1 (Dealing in Securities), 4 (Advising on Securities) and 9 (Asset Management) regulated activities. Such acquisition would enable the Group to provide more all rounded financial services to our potential customers inherited from our online education and training business.

FUTURE PLANS

Over the past few years, our online training and education business has gradually increased its geographical coverage in the PRC. In the coming years, we will continue to expand our geographical coverage to new business areas and promote the online training and education penetration rate in the existing business areas.

In addition to the business-to-business model the Group has adopted over the past few years, the Group intends to allot more resources in developing the business-to-consumer model in the foreseeable future in order to increase the consumers' adherence and loyalty to our training and education platforms.

Furthermore, the Group plans to launch its online to offline model ("**O to O**") whenever it is desirable so that our customers can enjoy the convenience of selecting and paying for the suitable training courses online as well as enjoying the better post-sales servicing and interaction with our local offices and staff. In addition to the existing training center in Nanning of Guangxi Zhuang Autonomous Region, another new training center in Chengdu of Sichuan Province is expected to commercially launch in 2019 which would give the Group more capability to accommodate the increasing need of O to O training. Also, the increase of O to O training can also help to increase the average revenue per user in the future.

After the launch of our international training and education business with the "Innovation Entrepreneurship" program, we will seek to increase our co-operation with more foreign reputable education institutions to provide other programs of high quality international curriculum to suit the different needs and requirements of the different profession in the PRC. We believe the introduction of more high quality international curriculum to the PRC market can help to improve the overall quality of education in the PRC as well as the international vision of the professionals in the PRC.

Leveraging on the solid foundation of our training and education business, we continued to establish our financial services business in the past few year. In the coming future, we are planning to establish local offices of our insurance brokerage business in major cities in the PRC in order to capture the nationwide demand for insurance products and provide high quality post-sales services to the customers. Apart from insurance related business, we have taken steps to enter into the securities trading and asset management business to further satisfy the potential financial needs of our customers. We believe the potential of financial services business is huge, given our possession of huge amount of occupation-specific data which can help to conduct comprehensive analysis of unique needs and requirements of our customers.

As the Group's online training and education business grows in size, we are actively pursuing the introduction of O to O education business and the international training and education business in recent years to complete the layout of our training and education business. In addition, we believe that we are able to benefit from the huge amount of accurate data accumulated from our training and education business to further develop our financial services business in the foreseeable future.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** **RMB'000**	2017 *RMB'000*
Continuing operations			
Turnover	3	**152,084**	134,022
Revenue	3	**152,084**	129,769
Cost of services		**(69,672)**	(56,021)
Gross profit		**82,412**	73,748
Realised loss on held for trading investments		**—**	(7,828)
Other income and gain	4	**747**	1,801
Selling and marketing expenses		**(28,404)**	(22,331)
Administrative expenses		**(52,846)**	(63,329)
Gain on deconsolidation of subsidiaries		**13,619**	—
Impairment on goodwill		**(5,025)**	—
Share of result of an associate		**—**	(139)
Profit (loss) before tax		**10,503**	(18,078)
Income tax expenses	5	**(4,271)**	(7,235)
Profit (loss) for the year from continuing operations		**6,232**	(25,313)
Discontinued operation			
Profit for the year from discontinued operation	6	**—**	10,473
Profit (loss) for the year	7	**6,232**	(14,840)

	Notes	**2018**	2017
		RMB'000	*RMB'000*
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity investments at fair value through other comprehensive income		**(23,500)**	—
Income tax relating to change in fair value of equity investments at fair value through other comprehensive income		**1,400**	—
		(22,100)	—
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**985**	(3,031)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of a foreign operation		**—**	(6)
		985	(3,037)
Total other comprehensive expense for the year		**(21,115)**	(3,037)
Total comprehensive expense for the year		**(14,883)**	(17,877)

	Notes	2018 RMB'000	2017 RMB'000
Profit (loss) for the year attributable to owners of the Company			
— from continuing operations		**7,588**	(25,705)
— from discontinued operation		**—**	10,473
Profit (loss) for the year attributable to owners of the Company		**7,588**	(15,232)
(Loss) profit for the year attributable to non-controlling interests			
— from continuing operations		**(1,356)**	392
— from discontinued operation		**—**	—
(Loss) profit for the year attributable to non-controlling interests		**(1,356)**	392
		6,232	(14,840)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(13,527)**	(18,269)
Non-controlling interests		**(1,356)**	392
		(14,883)	(17,877)
Earnings (loss) per share	9		
From continuing and discontinued operations			
Basic and diluted (RMB cent)		**0.15**	(0.33)
From continuing operations			
Basic and diluted (RMB cent)		**0.15**	(0.55)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	**2018**	2017
		RMB'000	*RMB'000*
Non-current assets			
Plant and equipment		**39,939**	35,576
Intangible assets	10	**59,828**	54,711
Goodwill	11	**50,317**	44,374
Financial assets at fair value through other comprehensive income		**51,100**	—
Financial asset at fair value through profit or loss		**3,415**	—
Available-for-sale investments		**—**	68,243
		204,599	202,904
Current assets			
Trade and other receivables	12	**22,525**	19,690
Bank balances and cash		**85,088**	80,192
		107,613	99,882
Current liabilities			
Contract liabilities		**15,318**	—
Trade and other payables	13	**21,221**	49,783
Amount due to a director		**4,830**	—
Amount due to a shareholder		**57**	141
Income tax payable		**5,641**	5,946
		47,067	55,870
Net current assets		**60,546**	44,012
Total assets less current liabilities		**265,145**	246,916

	Notes	**2018**	2017
		RMB'000	*RMB'000*
Capital and reserves			
Share capital		**41,385**	38,703
Reserves		**208,863**	190,889
Equity attributable to owners of the Company		**250,248**	229,592
Non-controlling interests		**2,918**	4,274
Total equity		**253,166**	233,866
Non-current liability			
Deferred tax liability		**11,979**	13,050
		265,145	246,916

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 Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the HKICPA.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 -2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 January 2018) with the cumulative effect of initially applying HKFRS 15, if any, as an adjustment to the opening balance of accumulated losses and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue. Details are described below.

The impact of transition to HKFRS 15 was insignificant on the accumulated losses at 1 January 2018.

The amount of adjustment for each financial statement line item of the consolidated statement of financial position at 1 January 2018 affected by the application of HKFRS 15 is illustrated below. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 31 December 2017	**Impact on adoption of HKFRS 15 - Reclassification**	**Carrying amount as restated at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*
Trade and other payables	49,783	(13,650)	36,133
Contract liabilities	—	13,650	13,650

Note: As at 1 January 2018, the "receipts in advance" of approximately RMB13,650,000 previously included in trade and other payables was reclassified to contract liabilities.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018

The following table summarises the estimated impact of applying HKFRS 15 on the consolidated statement of financial position at 31 December 2018, by comparing the amounts reported under HKAS 18 and related interpretations that were in effect before the change. Line items that were not affected by the adjustments have not been included.

Impact on the consolidated statement of financial position at 31 December 2018

	As reported	**Impact on adoption of HKFRS 15**	**Amounts excluding impacts of adopting HKFRS 15**
	RMB'000	*RMB'000*	*RMB'000*
Trade and other payables	21,221	15,318	36,539
Contract liabilities	15,318	(15,318)	—

Note: As at 31 December 2018, the "receipts in advance" of approximately RMB15,318,000 reported as contract liabilities would be included in trade and other payables, if without adopting HKFRS 15.

HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application, if any, are recognised in accumulated losses and investment revaluation reserve as at 1 January 2018.

(i) Classification and measurement of financial instruments

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of HKFRS 9 has had the following impact on the Group's financial assets and liabilities as regards their classification and measurement:

(a) Unlisted equity investments previously classified as available-for-sale investments carried at cost less impairment:

The Group had elected to present in other comprehensive income for the fair value changes in respect of certain of the Group's unlisted equity instruments amounting to RMB65,000,000 as they are held for medium or long-term strategic purpose, and reclassified them to financial assets at fair value through other comprehensive income ("FVTOCI") upon initial application of HKFRS 9. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment revaluation reserve, which will not be reclassified to profit or loss when they are derecognised. On initial application of HKFRS 9, an amount of approximately RMB8,200,000 representing the fair value gain of RMB9,600,000, net of the related deferred tax impact of approximately RMB1,400,000, was adjusted to investment revaluation reserve at 1 January 2018.

(b) Investment in fund previously classified as available-for-sale financial assets:

Investment in fund amounting to RMB3,243,000 do not meet the criteria to be classified either as at FVTOCI or at amortised cost under HKFRS 9 and were reclassified to financial assets at fair value through profit or loss ("FVTPL") upon its initial application. The Group measures such investment at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised in profit or loss.

(ii) Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL model. As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

As at 1 January 2018, an additional allowance on the Group's trade receivables of RMB528,000 have been recognised, thereby increasing the accumulated losses by RMB528,000.

(iii) Summary of effects arising from initial application of HKFRS 9

The table below summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and reconciles the carrying amounts of financial assets under HKAS 39 to the carrying amounts under HKFRS 9 on 1 January 2018.

	Carrying amount previously reported at 31 December 2017 (HKAS 39)	Impact on adoption of HKFRS 9 - Reclassification	Impact on adoption of HKFRS 9 - Remeasurement	Carrying amount as restated at 1 January 2018 (HKFRS 9)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables				
- Trade and other receivables	12,567	(12,567)		—
- Bank balances and cash	80,192	(80,192)	—	—
At amortised cost				
- Trade and other receivables		12,567	(528)	12,039
- Bank balances and cash	—	80,192	—	80,192
Available-for-sale ("AFS") investments				
- Unlisted equity investments	68,243	(68,243)	—	—
Financial assets at FVTPL				
- Fund investment	—	3,243	—	3,243
Financial assets at FVTOCI				
- Unlisted equity investments	—	65,000	9,600	74,600

All the financial liabilities of the Group that are subject to HKFRS 9 and are continued to be classified and measured on the same basis as they were under HKAS 39.

The table below summarises the impact of transition to HKFRS 9 on accumulated losses, investment revaluation reserve and deferred tax liabilities at 1 January 2018.

	Accumulated losses *RMB'000*	**Investment revaluation reserve** *RMB'000*	**Deferred tax liability** *RMB'000*
Balance at 1 January 2018 as originally stated	(1,171,509)	—	13,050
Recognition of additional expected credit losses	(528)	—	—
Fair value gain on financial assets at FVTOCI	—	8,200	1,400
Balance at 1 January 2018 as restated	(1,172,037)	8,200	14,450

3. TURNOVER, REVENUE AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for services rendered net of sales related taxes for the year. An analysis of the Group's turnover for the year from continuing operations is as follows:

	2018	2017
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15 for the year ended 31 December 2018		
Disaggregated by major services lines		
Continuing operations		
Educational consultancy and online training services	**131,471**	117,933
On-site training services	**11,091**	8,211
Financial services	**9,522**	3,625
Total revenue	**152,084**	129,769*
Gross proceeds from sales of held for trading investments	**—**	4,253
Total turnover	**152,084**	134,022

* The amounts for the year ended 31 December 2017 were recognised under HKAS 18.

Disaggregation of revenue by timing of recognition

	2018
	RMB'000
Timing of revenue recognition	
At a point of time	**20,613**
Over time	**131,471**
Total revenue from contracts with customers	**152,084**

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 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. Securities trading — trading of financial assets at fair value through profit or loss;

2. Educational consultancy and online training and education — provision of educational consultancy services and online training and education services; and

3. Financial services — provision of insurance brokerage services and investments advisory services.

During the year ended 31 December 2017, there was a new reportable and operating segment regarding insurance brokerage business introduced upon the acquisition of subsidiaries.

An operating segment regarding the provision of consultancy and media business operation services and TV programmes distribution services was discontinued during the year ended 31 December 2017. The segment information reported on the next page does not include any amounts for the discontinued operation.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments.

For the year ended 31 December 2018

Continuing operations

	Securities trading *RMB'000*	**Educational consultancy and online training and education** *RMB'000*	**Financial services** *RMB'000*	**Total** *RMB'000*
TURNOVER	—	142,562	9,522	152,084
REVENUE				
External sales	—	142,562	9,522	152,084
Segment profit (loss)	—	19,570	(7,010)	12,560
Gain on deconsolidation of subsidiaries				13,619
Unallocated other income and gain				747
Unallocated corporate expenses				(16,423)
Profit before tax				10,503

For the year ended 31 December 2017

Continuing operations

	Securities trading *RMB'000*	Educational consultancy and online training and education *RMB'000*	Financial services *RMB'000*	Total *RMB'000*
TURNOVER	4,253	126,144	3,625	134,022
REVENUE				
External sales	—	126,144	3,625	129,769
Segment (loss) profit	(7,828)	11,759	831	4,762
Unallocated other income and gain				1,801
Unallocated corporate expenses				(24,641)
Loss before tax				(18,078)

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, other income and gain, gain on deconsolidation of subsidiaries 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 AND GAIN

	2018 *RMB'000*	2017 *RMB'000*
Continuing operations		
Bank interest income	**522**	460
Other interest income from loan receivables	**48**	—
Net foreign exchange gain	**34**	—
Write back of provision for a claim (note a)	**—**	1,295
Gain on disposal of plant and equipment	**—**	3
Others	**143**	43
	747	1,801

Note:

(a) During the year 31 December 2017, the Group had recognised a reversal of provision for a claim amounting to approximately RMB1,295,000 resulting from the final decision of a legal case.

5. INCOME TAX EXPENSES

	2018 *RMB'000*	2017 *RMB'000*
Continuing operations		
PRC Enterprise Income Tax		
— current year	**5,342**	8,522
Hong Kong Profits Tax		
— over provision in prior years	**—**	(192)
Deferred tax	**(1,071)**	(1,095)
	4,271	7,235

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. During the year ended 31 December 2018, two (2017: one) of the PRC subsidiaries of the Group were recognised as high new technology enterprises and entitled to a preferential tax rate of 15%.

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2018 and 2017 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.

6. DISCONTINUED OPERATION

On 20 June 2017, the Group entered into a sale agreement to dispose of an indirect wholly owned subsidiary, Bold Champion International Limited ("Bold Champion"), which Bold Champion and its subsidiaries (collectively referred to as the "Bold Champion Group") carried out all of the Group's media operations. The disposal was effected in order to expand and develop the Group's existing business. The disposal was completed on 20 June 2017, on which date control of Bold Champion was passed to the acquirer.

The profit for the year from the discontinued operation is set out below.

	For the period ended 20 June 2017 RMB'000
Loss of media operation for the period	(77)
Gain on disposal of media operation	10,550
	10,473

7. PROFIT (LOSS) FOR THE YEAR

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

	2018	2017
	RMB'000	RMB'000
Continuing operations		
Directors' and chief executive's emoluments	**2,785**	3,929
Other staff costs (excluding directors' and chief executive's emoluments)	**37,512**	40,221
Share-based payment expenses (excluding directors' and chief executive's emoluments)	**1,362**	4,858
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	**3,023**	3,143
Total staff costs	**44,682**	52,151
Auditor's remuneration	**1,268**	1,295
Share-based payment expenses granted to consultants (note a)	**221**	591
Depreciation of plant and equipment	**8,774**	7,690
Amortisation of intangible assets (included in cost of sales and services)	**7,242**	5,775
Research and development expenses	**21,317**	17,595
Impairment loss of goodwill	**5,025**	—
Impairment loss on trade receivables	**—**	4,181
Loss on disposal of plant and equipment	**7**	—
Net foreign exchange loss	**—**	722
Operating lease rentals in respect of rented premises	**10,490**	10,893

Note:

(a) 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 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

9. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

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

Earnings (loss)

	2018	2017
	RMB'000	RMB'000
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**7,588**	(15,232)

Number of shares

	2018	2017
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**4,955,078**	4,648,425

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	2018	2017
Earnings (loss) figures are calculated as follows:	***RMB'000***	*RMB'000*
Profit (loss) for the year attributable to owners of the Company	**7,588**	(15,232)
Less: Profit for the year from discontinued operation	—	(10,473)
Profit (loss) for the purpose of basic and diluted earnings (loss) per share from continuing operations	**7,588**	(25,705)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operation

Basic earnings per share for the discontinued operation was RMB0.22 cents per share for the year ended 31 December 2017 (2018: nil), based on the profit for the year from discontinued operation of approximately RMB10,473,000 (2018: nil) and the denominators detailed above for both basic and diluted loss per share.

The computation of diluted earnings (loss) per share for the year ended 31 December 2018 and 2017 did not assume the exercise of the Company's share options because the exercise prices of those share options were higher than the average market price for shares.

10. INTANGIBLE ASSETS

	LED displays advertising right	Consultancy service contracts	Software	Customer relationship	Insurance brokerage licence	Cross boundary vehicle licence	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2017	680,320	42,403	13,700	108,281	—	—	844,704
Additions	—	—	801	—	—	—	801
Addition arising from acquisition of a subsidiary	—	—	—	—	10,000	—	10,000
Derecognised upon disposal of subsidiaries	—	(42,403)	—	—	—	—	(42,403)
At 31 December 2017	680,320	—	14,501	108,281	10,000	—	813,102
Exchange realignment	—	—	—	—	—	70	70
Additions	—	—	11,103	—	—	—	11,103
Addition arising from acquisition of a subsidiary	—	—	—	—	—	1,186	1,186
Derecognised upon deconsolidation of subsidiaries	(680,320)	—	—	—	—	—	(680,320)
At 31 December 2018	—	—	25,604	108,281	10,000	1,256	145,141
AMORTISATION AND IMPAIRMENT							
At 1 January 2017	680,320	42,403	10,596	61,700	—	—	795,019
Charge for the year	—	—	1,395	4,380	—	—	5,775
Derecognised upon disposal of subsidiaries	—	(42,403)	—	—	—	—	(42,403)
At 31 December 2017	680,320	—	11,991	66,080	—	—	758,391
Charge for the year	—	—	2,958	4,284	—	—	7,242
Eliminated on deconsolidation of subsidiaries	(680,320)	—	—	—	—		(680,320)
At 31 December 2018	—	—	14,949	70,364	—	—	85,313
CARRYING VALUES							
At 31 December 2018	—	—	10,655	37,917	10,000	1,256	59,828
At 31 December 2017	—	—	2,510	42,201	10,000	—	54,711

11. GOODWILL

	RMB'000
COST	
At 1 January 2017	383,852
Arising on acquisition of a subsidiary	6,084
Derecognised upon disposal of subsidiaries	(19,113)
At 31 December 2017	370,823
Arising on acquisition of a subsidiary	10,968
At 31 December 2018	381,791
IMPAIRMENT	
At 1 January 2017	345,562
Derecognised upon disposal of subsidiaries	(19,113)
At 31 December 2017	326,449
Impairment loss recognised during the year	5,025
At 31 December 2018	331,474
CARRYING VALUES	
At 31 December 2018	50,317
At 31 December 2017	44,374

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB'000	RMB'000
Trade receivables	**11,218**	12,481
Less: impairment loss recognised	**(6,598)**	(6,070)
	4,620	6,411
Other receivables	**2,779**	2,975
Less: impairment loss recognised	**(95)**	(90)
	2,684	2,885
Loan receivables (note a)	**7,740**	—
Prepayments	**3,212**	5,146
Deposits	**2,481**	3,271
Value added tax recoverable	**1,788**	1,977
	22,525	19,690

The Group does not hold any collateral over these receivables.

Note:

a) As at 31 December 2018, loan receivables represented a loan of RMB5,000,000 carried interest at RMB Benchmark Interest Rate quoted by the People's Bank of China and an interest-free loan of RMB2,740,000 provided to two independent third parties. The loan receivables were unsecured and repayable within one year.

Trade receivables are due according to the terms on the relevant contacts as at 31 December 2018 and 2017. 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.

	2018	2017
	RMB'000	RMB'000
Within 30 days	**3,560**	5,490
31 to 60 days	**917**	359
61 to 180 days	**143**	10
181 to 365 days	—	24
Over 365 days	—	528
	4,620	6,411

13. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**6,303**	5,937
Other payables	**349**	489
Payables of litigation claim	**—**	13,492
Receipts in advance	**—**	13,650
Other tax payables	**1,713**	1,724
Accruals	**12,856**	14,491
	21,221	49,783

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

	2018	2017
	RMB'000	RMB'000
Within 30 days	**2,809**	4,502
31 — 60 days	**295**	15
61 — 90 days	**320**	581
91 — 150 days	**2,039**	—
Over one year	**840**	839
	6,303	5,937

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 2018, 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 2018, the Group recorded a turnover from continuing operations of approximately RMB152,084,000 (2017: approximately RMB134,022,000), representing an increase of approximately 13.5% as compared to that of last year. Approximately RMB131,471,000, RMB11,091,000 and RMB9,522,000 were generated from the educational consultancy and online training segment, on-site training services segment and financial services segment respectively (2017: approximately RMB117,933,000, RMB8,211,000 and RMB3,625,000). The increase of revenue from the educational consultancy and online training and education business was mainly due to the increased geographical coverage of our business in the current year and it is expected that the educational consultancy and online training and education segment will continue to be the major contributor of the Group's turnover in the near future. We will continue with the expansion of our geographical coverage to other new business areas and promote the online training and education penetration rate in the existing business areas in the near future. The increase of revenue from the financial services segment was mainly due to the further development of the insurance brokerage business following the acquisition of Beijing Zhongjin and Well Tunes in 2017.

Cost of sales and services of continuing operations for the year ended 31 December 2018 was approximately RMB69,672,000 (2017: approximately RMB56,021,000), representing an increase of approximately 24.4% as compared to that of last year. The increase in cost of sales and services was basically consistent with the growth of the revenue from the educational consultancy and online training and education business. The increase in cost of sales and services was mainly due to the increase in project cooperation costs and rental expense.

Selling and marketing expenses for the year ended 31 December 2018 was approximately RMB28,404,000 (2017: approximately RMB22,331,000), representing an increase of approximately 27.2% as compared to that of last year. The increase in the selling and marketing expenses in the current year was broadly in line with the increase of revenue derived from educational consultancy and online training and education business. The increase in selling and marketing expenses was mainly due to the increase in salaries, meeting expenses and consultancy fee offset by decrease in TV channel leasing fee.

Administrative expenses for the year ended 31 December 2018 was approximately RMB52,846,000 (2017: approximately RMB63,329,000), representing a decrease of approximately 16.6% as compared to that of last year. The decrease in administrative expenses was mainly due to the decrease in share-based payment, salaries as well as legal and professional fees, offset by increase in depreciation.

In addition, there was no realised loss on held for trading investments for the year ended 31 December 2018, as substantially all the held for trading investments have been disposed of in the previous year.

The Group recorded a turnaround from loss to profit in the current year. The profit attributable to owners of the Company for the year ended 31 December 2018 was approximately RMB7,588,000 (2017: loss of approximately RMB15,232,000).

Significant Investments

Save as disclosed herein, the Group had no significant investments held during the year ended 31 December 2018.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed herein, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2018.

Liquidity and Financial Resources

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

As at 31 December 2018, the Group had bank balances and cash of approximately RMB85,088,000 as compared to the bank balances and cash of approximately RMB80,192,000 as at 31 December 2017.

The Group's net current assets totalled approximately RMB60,546,000 as at 31 December 2018, against approximately RMB44,012,000 as at 31 December 2017. The Group's current ratio was approximately 2.29 as at 31 December 2018 as compared with 1.79 as at 31 December 2017.

Gearing Ratio

The gearing ratio of the Group (measured as total liabilities to total assets) was approximately 18.9% as at 31 December 2018 (2017: 22.8%).

Capital Structure

As at 31 December 2018, the Company's issued share capital was approximately HK$49,685,000 (2017: approximately HK$46,425,000) and the number of its issued shares was 4,968,510,578 (2017:4,642,510,578) ordinary shares of HK$0.01 each.

Subscription of New Shares

On 4 January 2018, the Company entered into a subscription agreement with Sheng Yuan Asset Management Limited (the "**Subscriber**"), pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue a total of 326,000,000 new ordinary shares of HK$0.01 each in the share capital of the Company at the subscription price of HK$0.092 per subscription share (the "**Subscription**"), raising gross proceeds and net proceeds of approximately HK$30.0 million and HK$29.7 million respectively. The net price for each subscription share was approximately HK$0.09. The closing price per ordinary share as quoted on the Stock Exchange on 4 January 2018, being the date of the subscription agreement was HK$0.104.

The net proceeds from the Subscription would be used for providing the Group with additional financial resources to develop and expand its financial related business, especially the insurance brokerage business acquired by the Group in April 2017 and for general working capital of the Group.

The Board consider that the Subscription will strengthen the financial position of the Group and raise additional funds while broadening the shareholders and capital base of the Company.

Details of the Subscription has been set out in the announcement of the Company dated 4 January 2018.

The equity fund raising activities conducted by the Company during the Reporting Period are set out below:

	Intended use of net proceeds from Subscription (Approximate)	**Utilised net proceeds from Subscription for the year ended 31 December 2018** (Approximate)	**Unutilised net proceeds from Subscription as at 31 December 2018** (Approximate)
For developing and expanding its financial related business, especially the insurance brokerage business acquired by the Group in April 2017 and general working capital of the Group	HK$29.7 million	HK$15 million for increasing the capital of Beijing Zhongjin in order to expand its business scope and area; and HK$14.7 million for general working capital of the Group.	—

As at 31 December 2018, all net proceeds raised from Subscription has been fully utilised.

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 2018, 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 2018, the Group did not have any charges on its assets (2017: Nil).

Capital Commitment

As at 31 December 2018, the Group had outstanding capital commitment in respect of the acquisition of plant and equipment of RMB19,511,000 (2017: nil). As at 31 December 2017, the Group had outstanding capital commitment in respect of the investment of 48% of the equity interest of a new company to be established in Shenzhen of RMB3,840,000 (2018: 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 2018, the Group had 179 employees (2017: 218 employees) in Hong Kong and the PRC and the total staff costs (including all Directors' remuneration and fees) are approximately RMB44,682,000 for the year ended 31 December 2018 (2017: approximately RMB52,151,000).

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 2018, there were 62,510,000 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

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 ended 31 December 2018.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2018.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2018, the Company has applied and complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules except the following deviation:

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 2018, 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.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as the 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. Having made specific enquiry of all Directors, each of the Directors confirmed that they have complied with the required standards in the Model Code throughout the year ended 31 December 2018.

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 systems and financial reporting matters; and reviewed the Group's audited consolidated financial statements and annual results for the year ended 31 December 2018.

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 14 June 2019 and the notice thereof will be published and despatched to shareholders of the Company (the "**Shareholders**") in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 7 June 2019 to Friday, 14 June 2019, 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 Friday, 14 June 2019 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, Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Thursday, 6 June 2019.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments to the articles of association of the Company (the "**Articles of Association**") in order to achieve high standard of corporate governance. Specific amendments are as follows:

Amend Article 58 of the Articles of Association

Original:

Article 58 Subject to Article 15A, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one-fifth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionst(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Amended to:

Article 58 Subject to Article 15A, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionst(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Save and except for the aforesaid amendments, other terms of the Articles of Association shall remain unchanged.

The proposed amendments to the Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the forthcoming AGM.

A circular containing the details of the proposed amendments to the Articles of Association as well as a notice of the AGM will be despatched to the Shareholders in due course.

RESIGNATION OF DIRECTOR

The Board hereby announces that Mr. Li Dongfu ("**Mr. Li**") has tendered his resignation as executive Director due to other business commitment with effect from 29 March 2019. Mr. Li has confirmed that he has no disagreement with the Board and there is no matter concerning his resignation that needs to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its gratitude to Mr. Li for his valuable contribution to the company during his tenure of office.

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 2018 of the Company will also be published on the aforesaid websites in due course.

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

Hong Kong, 29 March 2019

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. Xu Dayong as executive Directors; and Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping as independent non-executive Directors.

* *For identification purposes only*