

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

RESULTS HIGHLIGHTS

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reported financial information		
Revenue	54,023	46,264
Gross profit	31,173	20,677
Loss before tax	(16,875)	(31,442)
Loss attributable to owners of the Company	(15,928)	(31,841)
Basic loss per share (RMB cent)	(0.27)	(0.64)
Adjusted financial information[#]		
Loss before tax	(11,740)	(30,909)
Loss attributable to owners of the Company	(10,793)	(31,308)
Basic loss per share (RMB cent)	(0.18)	(0.63)

[#] Adjusted financial information refers to activities for the period excluding share-based payment expenses and impairment losses charged.

RESULTS

The board (the “Board”) of directors (the “Directors”) of China Chuanglian Education Financial Group Limited (the “Company”) hereby announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2020 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	<i>Notes</i>	<i>RMB’000</i>	<i>RMB’000</i>
		(Unaudited)	(Unaudited)
Revenue	3	54,023	46,264
Cost of services		(22,850)	(25,587)
Gross profit		31,173	20,677
Other income and gain	4	1,078	512
Selling and marketing expenses		(9,399)	(12,670)
Administrative expenses		(31,607)	(36,798)
Impairment loss of trade and other receivables		(4,995)	—
Finance cost		(3,125)	(3,163)
Loss before tax		(16,875)	(31,442)
Income tax credit (expense)	5	81	(152)
Loss for the period	6	(16,794)	(31,594)

		Six months ended 30 June	
		2020	2019
Notes		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive income (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>2,640</u>	<u>1,254</u>
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of equity investments at fair value through other comprehensive income		<u>—</u>	<u>(6,000)</u>
Total other comprehensive income (expense) for the period		<u>2,640</u>	<u>(4,746)</u>
Total comprehensive expense for the period		<u>(14,154)</u>	<u>(36,340)</u>
(Loss) profit for the period attributable to:			
— owners of the Company		(15,928)	(31,841)
— non-controlling interests		<u>(866)</u>	<u>247</u>
		<u>(16,794)</u>	<u>(31,594)</u>
Total comprehensive (expense) income for the period attributable to:			
— owners of the Company		(13,288)	(36,587)
— non-controlling interests		<u>(866)</u>	<u>247</u>
		<u>(14,154)</u>	<u>(36,340)</u>
Loss per share			
Basic and diluted (RMB cent)	8	<u>(0.27)</u>	<u>(0.64)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020	31 December 2019
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current assets			
Plant and equipment	9	62,112	63,294
Right-of-use assets		101,936	108,317
Intangible assets		50,601	53,941
Goodwill		38,290	38,290
Financial assets at fair value through other comprehensive income		43,900	41,500
Financial asset at fair value through profit or loss		3,547	3,479
Loan receivable		—	5,000
Term deposit		5,000	5,000
		<u>305,386</u>	<u>318,821</u>
Current assets			
Trade and other receivables	10	22,256	15,936
Loan receivables		350	4,330
Bank balances and cash		80,108	103,628
		<u>102,714</u>	<u>123,894</u>
Current liabilities			
Contract liabilities		6,062	10,752
Trade and other payables	11	18,237	24,974
Bank loan		3,000	—
Amount due to a shareholder		57	57
Lease liabilities		13,600	10,806
Income tax payable		8,620	15,692
		<u>49,576</u>	<u>62,281</u>
Net current assets		<u>53,138</u>	<u>61,613</u>
Total assets less current liabilities		<u>358,524</u>	<u>380,434</u>
Capital and reserves			
Share capital	12	50,135	50,135
Reserves		193,005	206,153
Equity attributable to owners of the Company		243,140	256,288
Non-controlling interests		1,658	4,212
Total equity		<u>244,798</u>	<u>260,500</u>
Non-current liabilities			
Deferred tax liability	13	9,551	10,978
Lease liabilities		104,175	108,956
		<u>113,726</u>	<u>119,934</u>
		<u>358,524</u>	<u>380,434</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

China Chuanglian Education Financial Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Rooms 905-6, 9th Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the provision of the online training and education services and financial services. Other than those major operating subsidiaries established in the People’s Republic of China (the “PRC”) whose functional currency is Renminbi (“RMB”), the functional currency of the remaining subsidiaries is Hong Kong dollars (“HK\$”).

The functional currency of the Company is HK\$, which is different from the presentation currency, RMB. As the Group mainly operates in the PRC, the directors of the Company consider that it is appropriate to present the condensed consolidated financial statements in RMB.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2020 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019.

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“HKFRSs”) and the following new and amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS and the amendments to HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

	30 June 2020 <i>RMB’000</i> <i>(Unaudited)</i>	30 June 2019 <i>RMB’000</i> <i>(Unaudited)</i>
Revenue from contracts with customers		
Online training services	42,733	38,360
Certification services	4,167	1,377
On-site training services	1,624	3,572
Consultancy services	2,622	438
Financial services	2,877	2,517
	54,023	46,264

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 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.

Segment revenue and results

The following table presents the Group's revenue and results by reportable and operating segments for the six months ended 30 June 2020 and 2019 respectively:

Six months ended 30 June 2020

	Securities trading <i>RMB'000</i> <i>(Unaudited)</i>	Educational consultancy and online training and education <i>RMB'000</i> <i>(Unaudited)</i>	Financial services <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
REVENUE				
External sales	—	51,146	2,877	54,023
Segment loss	—	(5,056)	(2,287)	(7,343)
Unallocated other income				745
Unallocated corporate expenses				(10,277)
Loss before tax				(16,875)

Six months ended 30 June 2019

	Securities trading	Educational consultancy and online training and education	Financial services	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE				
External sales	<u>—</u>	<u>43,747</u>	<u>2,517</u>	<u>46,264</u>
Segment loss	<u>—</u>	<u>(12,127)</u>	<u>(6,512)</u>	<u>(18,639)</u>
Unallocated other income				512
Unallocated corporate expenses				<u>(13,315)</u>
Loss before tax				<u>(31,442)</u>

Segment loss represents the loss from each segment without allocation of central administration costs, directors' emoluments, certain other income and gain, depreciation of certain plant and equipment and right-of-use assets and certain finance costs. This is the measure reported to the executive directors of the Company, being the chief operating decision maker, for purposes of resources allocation and performance assessment.

Segment assets and liabilities

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Segment assets		
Securities trading	—	—
Educational consultancy and online training and education	245,396	272,687
Financial services	19,643	10,209
Total segment assets	265,039	282,896
Unallocated corporate assets	143,061	159,819
Consolidated assets	408,100	442,715
Segment liabilities		
Securities trading	—	—
Educational consultancy and online training and education	133,678	146,412
Financial services	2,122	1,375
Total segment liabilities	135,800	147,787
Unallocated corporate liabilities	27,502	34,428
Consolidated liabilities	163,302	182,215

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

- all assets are allocated to operating segments other than certain plant and equipment, certain right-of-use assets, certain intangible assets, financial assets at fair value through other comprehensive income, financial asset at fair value through profit or loss, certain other receivables, loan receivable, term deposit and bank balances and cash; and
- all liabilities are allocated to operating segments other than certain other payables, bank loan, certain lease liabilities, amount due to a shareholder, income tax payable and deferred tax liability.

4. OTHER INCOME AND GAIN

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Value-added tax refund	330	—
Government subsidy (note)	304	—
Bank interest income	233	303
Loan interest income	105	183
Others	106	26
	<u>1,078</u>	<u>512</u>

Note: The amount primarily represents a cash subsidy of approximately RMB279,000 (six months ended 30 June 2019: nil) granted by The Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund for relieving financial burdens of the businesses. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

5. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
PRC Enterprise Income Tax — current period	1,346	700
Deferred tax	(1,427)	(548)
	<u>(81)</u>	<u>152</u>

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation of plant and equipment	5,849	3,799
Depreciation of right-of-use assets	7,085	6,852
Amortisation of intangible assets	3,707	4,180
Loss on disposal of a subsidiary (note 14)	958	—
Share-based payment expenses	140	533
Expense relating to short-term leases	335	1,410
	<u> </u>	<u> </u>

7. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

8. 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:

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(15,928)</u>	<u>(31,841)</u>
Number of shares	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>5,962,211</u>	<u>4,968,511</u>

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

Diluted loss per share is same as basic loss per share for both periods. The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for both six months ended 30 June 2020 and 2019.

9. MOVEMENTS IN PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of approximately RMB5,306,000 (six months ended 30 June 2019: RMB21,036,000).

10. TRADE AND OTHER RECEIVABLES

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Trade receivables (note)	7,662	5,409
Less: impairment loss recognised	(2,687)	(2,417)
	<u>4,975</u>	<u>2,992</u>
Other receivables	12,060	2,930
Less: impairment loss recognised	(4,690)	(97)
	<u>7,370</u>	<u>2,833</u>
Prepayments	3,334	3,366
Deposits	3,342	3,422
Value added tax recoverable	3,235	3,323
	<u>22,256</u>	<u>15,936</u>

The Group does not hold any collateral over these receivables.

Note: Trade receivables are due according to the terms on the relevant contract. The following is an ageing analysis of trade receivables net of accumulated impairment losses presented based on the invoice date at the end of reporting period:

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Within 30 days	4,349	2,431
31 to 60 days	175	211
61 to 120 days	55	170
121 to 365 days	314	33
Over 365 days	82	147
	<u>4,975</u>	<u>2,992</u>

11. TRADE AND OTHER PAYABLES

	30 June 2020 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2019 <i>RMB'000</i> <i>(Audited)</i>
Trade payables	5,260	7,652
Other payables	4,975	6,026
Other tax payables	2,888	2,044
Accruals	5,114	9,252
	<u>18,237</u>	<u>24,974</u>

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

	30 June 2020 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2019 <i>RMB'000</i> <i>(Audited)</i>
Within 30 days	68	4,322
31-60 days	76	—
91-360 days	3,976	2,340
Over one year	1,140	990
	<u>5,260</u>	<u>7,652</u>

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 time frame.

12. SHARE CAPITAL

	Number of shares		Share capital		Equivalent nominal value of ordinary shares	
	30 June 2020 '000 (Unaudited)	31 December 2019 '000 (Audited)	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Ordinary shares of HK\$0.01 each						
Authorised:						
At the beginning and end of the period/year	<u>100,000,000</u>	<u>100,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>879,100</u>	<u>879,100</u>
Issued and fully paid:						
At the beginning of the period/year	5,962,211	4,968,511	59,622	49,685	50,135	41,385
Issue of shares (note)	<u>—</u>	<u>993,700</u>	<u>—</u>	<u>9,937</u>	<u>—</u>	<u>8,750</u>
At the end of the period/year	<u>5,962,211</u>	<u>5,962,211</u>	<u>59,622</u>	<u>59,622</u>	<u>50,135</u>	<u>50,135</u>

Note: The Company had allotted and issued a total of 993,700,000 new ordinary shares of HK\$0.01 each in the share capital of the Company at the subscription price of HK\$0.04 per subscription share, raising gross proceeds of approximately HK\$39,748,000 (equivalent to approximately RMB35,000,000). The subscription of shares was completed on 30 July 2019.

13. DEFERRED TAX LIABILITY

The movements in the deferred tax liability during the period were as follows:

	<i>RMB'000</i>
At 1 January 2020	10,978
Credited to profit or loss	<u>(1,427)</u>
At 30 June 2020	<u>9,551</u>

14. DISPOSAL OF A SUBSIDIARY

On 11 June 2020, the Group disposed of its indirectly owned subsidiary, 甘肅創聯國培教育科技有限公司, which engaged in the provision of the online training and education services, to an independent third party for a cash consideration of RMB765,000. The transaction was completed on 11 June 2020.

Consideration

RMB'000

Consideration	765
---------------	-----

Analysis of assets and liabilities over which control was lost:

RMB'000

Plant and equipment	665
Bank balances and cash	4,789
Trade and other receivables	73
Trade and other payables	(330)
Income tax payable	(1,786)
	<u>3,411</u>

Loss on disposal of a subsidiary:

RMB'000

Consideration	765
Less: net assets disposed of	(3,411)
Add: non-controlling interests	1,688
	<u>(958)</u>

Net cash outflow on disposal of a subsidiary:

RMB'000

Bank balances and cash disposed of	(4,789)
------------------------------------	---------

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the Reporting Period, the Group recorded a revenue of approximately RMB54 million (six months ended 30 June 2019: approximately RMB46.3 million), representing an increase of 16.6% as compared to the last corresponding period.

Out of the total revenue, approximately RMB51.1 million (six months ended 30 June 2019: approximately RMB43.8 million) was generated from educational consultancy and online training and education business, and approximately RMB2.9 million (six months ended 30 June 2019: approximately RMB2.5 million) was generated from the financial services business for the Reporting Period. The educational consultancy and online training and education business continued to be the major contributor of revenue to the Group which accounted for 94.6% of the total revenue for the Reporting Period. The revenue derived from educational consultancy and online training and education business is usually subject to certain seasonality as more users would prefer to undertake the trainings closer to the end of the year.

There was an increase in the Group's revenue from the educational consultancy and online training and education business for the Reporting Period as a result of the growing demand of training courses for professional technical personnel and education certification and consultancy services.

In view of the huge market of the online training and education in the PRC, the management expects that there are still plenty rooms of growth for the Group's educational consultancy and online training and education business. Although the growth of the Group's educational consultancy and online training and education business during the Reporting Period was hindered due to the certain changes of government policies and the outbreak of novel coronavirus, the Group is currently in contact with a few new geographical areas in the PRC over the provision of online training services in these areas in the second half of 2020. The management is optimistic that the growth of the Group's educational consultancy and online training and education business in the second half of 2020 would be speed-up.

There was a slight increase the Group's revenue generated from the financial services business during the Reporting Period as the Group has almost finished business realignment in relation to the financial services business in order to enhance more synergy with the Group's educational consultancy and online training and education business in the foreseeable future. The Group remains optimistic about the potential growth of the Group's financial services business and its potential synergy with the Group's educational consultancy and online training and education business.

Cost of services for the Reporting Period was approximately RMB22.9 million (six months ended 30 June 2019: approximately RMB25.6 million), representing a decrease of approximately 10.5% as compared to the last corresponding period. The decrease in cost of services was mainly due to the decrease in project co-operation fee and rental expense.

Gross profit margin for the Reporting Period was increased to approximately 57.7% (six months ended 30 June 2019: approximately 44.7%). For the educational consultancy and online training and education business, its gross profit margin increase from approximately 43.1% for the six months ended 30 June 2019 to approximately 55.6% for the Reporting Period as a result of economy of scale achieved. For the financial services business, the gross profit margin for the Reporting Period was approximately 98.6% (six months ended 30 June 2019: approximately 71.6%).

Selling and marketing expenses for the Reporting Period was approximately RMB9.4 million (six months ended 30 June 2019: approximately RMB12.7 million), representing a decrease of approximately 26% as compared to the last corresponding period. The decrease in selling and marketing expenses was mainly due to the decrease in consultancy fee.

Administrative expenses for the Reporting Period was approximately RMB31.6 million (six months ended 30 June 2019: approximately RMB36.8 million), representing a decrease of 14.1% as compared to the last corresponding period. The decrease in administrative expenses was mainly due to the decrease in entertainment expense, advisory fee and rental expense.

As a result of the above, there was a decrease in the loss attributable to owners of the Company to approximately RMB15.9 million during the Reporting Period, compared to the loss attributable to owners of the Company of approximately RMB31.8 million for the six months ended 30 June 2019. The basic loss per share for the Reporting Period was approximately RMB0.27 cent compared to a basic loss per share of approximately RMB0.64 cent for the six months ended 30 June 2019.

Business Review

The Group is principally engaged in the provision of the online training and education services in the PRC and mainly provides online / offline training services for millions of professional staff in various provinces and cities across China to adapt to job requirements and improve their job skills. The current population of professional staff in the PRC is over 82 million. There are certain requirements under the PRC laws and relevant provisions that professional staff 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 now providing comprehensive online training and education services to professional staff, through the Internet and mobile Internet. The Group is operating more than 150 large-scale online training and education service platforms for institutional B-end users and an online education platform (Rongxue Cloud) for mobile Internet C-end users. The Group currently has more than 6 million paying users. In the past few years, the Group's online training platform has provided training for more than 30 million people.

During the Reporting Period, the Group has provided its online training and education business to different geographical areas in the PRC. The Group's online training and education business currently covers 18 provinces, autonomous regions and municipalities as well as 40 cities in the PRC.

Furthermore, the Group has launched a multi-level, multi-dimensional online / offline combination of internet training services. By providing a large-scale online training cloud platform (Rongxue Cloud) combined with offline training centres currently established in Guangxi Zhuang Autonomous Region and Sichuan Province, various forms of training are provided to users with a full range of training services to meet the growing training needs of both online and offline services.

Since the acquisition of an insurance brokerage firm both in Mainland China and Hong Kong which aims to utilize the accurate big data accumulated from the Group's educational consultancy and online training business, up to the Reporting Period, the Group has set up branches in nearly ten provinces or cities in mainland China including Shanghai, Shandong, Tianjin and Sichuan.

During the Reporting Period, the Group has restructured the business for securities brokerage and asset management and expected to launched its funds in the second half of this year. For money lenders business, since the business is still in developing stage, the contribution from the business to the Group was still minimal.

Future Plans

In recent years, the Group has continuously invested to increase the coverage of the Group's online training and education services business in the PRC. The Group plans to continue to deepen the Group's combination of online and offline service solutions in the field of continuing education of professional staff and continue to increase the market share.

Therefore, based on the strong foundation and growth of the continuing education for professional staff, the Group will wider the scope of vocational skills training for professional staff. The Group will also do its best to continuously expand its business in the foreseeable future in accordance with changes in government policies and new markets coverage, and, promote online training education penetration in existing business areas.

In addition to the business-to-business model, the Group will continue to allocate more resources to develop the business-to-consumer model in order to increase the consumers' adherence and loyalty to our training and education platforms. With the success of launching of online to offline training model by opening the training centers geographically, the Group will seek more suitable areas to set up more training centers for better improvement of its post-sales services and increase the average revenue per user in the future.

As most professional staff would be required to pass certain examinations before admission as civil servants and achievement of corresponding professional qualifications, the Group believes that the market potential of pre-examination preparation courses is still huge. In view of this, the Group has continued to develop this new business line by provision of more pre-examination preparation courses in future.

For expansion of financial services business areas, the Group will continue to establish more local offices for 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. In addition, the Group will set up an online platform to deliver its insurance services by providing better pre-sales and post-sales services to its potential and existing customers.

Apart from insurance business, the Group will also continue to develop its securities brokerage and asset management and money lending business to further satisfy the potential financial needs of our customers. The Group has completed to optimize its trading platform and finished the restructuring in our licensed company. The Group expects to launch its first fund in the second half of this year and start generating more revenue in this business area.

Liquidity and Financial Resources

As at 30 June 2020, the Group had bank balances and cash of approximately RMB80.1 million (31 December 2019: approximately RMB103.6 million).

As at 30 June 2020, the Group's net current assets totalled approximately RMB53.1 million (31 December 2019: approximately RMB61.6 million).

The Group's current ratio was approximately 2.07 times as at 30 June 2020 as compared with approximately 1.99 times as at 31 December 2019.

Gearing Ratio

The gearing ratio of the Group (measured as total liabilities to total assets) was 40% as at 30 June 2020 (31 December 2019: 41.2%).

Capital Structure

As at 30 June 2020, the Company's issued share capital was approximately HK\$59,622,106 and the number of its issued ordinary shares was 5,962,210,578 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. During the Reporting Period, 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.

Contingent Liabilities

As at 30 June 2020, the Group had no contingent liabilities (31 December 2019: nil).

Charge on Group Assets

As at 30 June 2020 and 31 December 2019, the Group did not have any charges on its assets.

Capital Commitment

As at 30 June 2020, the Group had no outstanding capital commitment in respect of the acquisition of plant and equipment (31 December 2019: nil).

Employee Information and Remuneration Policy

As at 30 June 2020, the Group had 327 employees (31 December 2019: 315 employees) in Hong Kong and the PRC and the total staff costs (including all Directors' remuneration and fees) are approximately RMB23.0 million for the Reporting Period (six months ended 30 June 2019: approximately RMB23.3 million).

The Group offers 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 had adopted share option schemes (the "Share Option Schemes"). As at 30 June 2020, there were 54,000,000 share options remained outstanding which can be exercised by the grantees of the Share Option Schemes.

The Group is 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.

Use of Proceeds

On 10 July 2019, the Company and Sun Securities Limited (the "Placing Agent") entered into the placing agreement (the "Placing Agreement") pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, places for up to 993,700,000 new shares of the Company (the Placing Shares") at a price of HK\$0.04 per Placing Share (the "Placing").

The Placing was completed on 30 July 2019 in accordance with the terms and conditions of the Placing Agreement dated 10 July 2019. A total of 993,700,000 Placing Shares had been successfully placed to not less than six (6) placees, who and whose ultimate beneficial owners were independent third parties, at the placing price of HK\$0.04 per Placing Share. The net proceeds were approximately HK\$39.4 million, representing a net issue price of approximately HK\$0.0397 per Placing Share. The Company intends to apply the net proceeds as the general working capital and for any possible business development and investment of the Group when appropriate opportunities arise.

The equity fund raising activity conducted by the Company during the Reporting Period is set out below:

	Intended use of net proceeds from Placing (Approximate)	Utilised net proceeds from Placing as at 30 June 2020 (Approximate)	Unutilised net proceeds from Placing as at 30 June 2020 (Approximate)
The Company intends to apply the net proceeds as the general working capital and for business development and investment of the Group.	HK\$39.4 million	(i) HK\$14 million for settlement of amount due to a director and shareholder; (ii) HK\$4 million for working capital of money lenders business (iii) HK\$11.5 million for staff costs; (iv) HK\$5 million for professional fees; (v) HK\$1.2 million for capital expenditure; and (vi) HK\$3.7 million for rental and other operating costs;	—

SHARE OPTION SCHEMES

The Company operated the equity-settled Share Option Scheme on 31 October 2004 under which the Board might, at its discretion, offer any employees (whether full time or part time), executives or officers of the Company or any of its subsidiaries (including any executive director), consultants, agents or legal and financial advisers to the Company or its subsidiaries whom the Board considered, in its sole discretion, as having contributed to the Company or any of its subsidiaries.

The share option scheme was adopted for a period of 10 years commencing from 31 October 2004 (the “Share Option Scheme 2004”). Shareholders of the Company in the annual general meeting of the Company dated 28 May 2014 resolved to terminate the Share Option Scheme 2004 and to adopt the new share option scheme (the “Share Option Scheme 2014”). The Share Option Scheme 2014 was adopted for a period of 10 years commencing from 28 May 2014.

During the Reporting Period, no share options were granted, exercised, lapsed or cancelled and no shares are available for issue under the Share Option Scheme 2004.

Save as disclosed below during the Reporting Period, no share options were granted, no share option was lapsed and no share options were exercised or cancelled under the Share Option Scheme 2014. Movements of share options in the Reporting Period under the Share Option Scheme 2014 are summarised as follows:

List of Grantees	Balance as at 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Balance as at 30 June 2020	Exercise Price HK\$	Date of Grant	Exercise Period
Directors									
Wu Xiaodong (resigned on 24 March 2020)	3,000,000	—	—	—	—	3,000,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 1)
Wang Cheng (resigned on 31 December 2019)	3,000,000	—	—	3,000,000	—	—	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 1)
Xu Dayong	1,000,000	—	—	—	—	1,000,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 3)
Wu Yalin	1,000,000	—	—	—	—	1,000,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 3)
Wang Shuping	500,000	—	—	—	—	500,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 3)
Subtotal	8,500,000	—	—	3,000,000	—	5,500,000			
Employees									
In aggregate	10,700,000	—	—	—	—	10,700,000	0.29	18/05/2016	18/05/2016- 17/05/2021 (Note 2)
	27,800,000	—	—	—	—	27,800,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 3)
Subtotal	38,500,000	—	—	—	—	38,500,000			
Consultants									
In aggregate	7,000,000	—	—	—	—	7,000,000	0.29	18/05/2016	18/05/2016- 17/05/2021 (Note 2)
	3,000,000	—	—	—	—	3,000,000	0.127	29/06/2017	29/06/2017- 28/06/2022 (Note 3)
Subtotal	10,000,000	—	—	—	—	10,000,000			
Total	57,000,000	—	—	3,000,000	—	54,000,000			

Notes:

- Share options will automatically lapsed after the period of 6 months following the date of such cessation or termination.
- Not more than 30% of the share options will be vested on 18 May 2017. Not more than 60% of the share options will be vested on 18 May 2018. Not more than 100% of the share options has been vested on 18 May 2019.
- Not more than 30% of the share options will be vested on 29 June 2018. Not more than 60% of the share options will be vested on 29 June 2019. Not more than 100% of the share options will be vested on 29 June 2020.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the following Directors or chief executives of the Company had held the following interests or short positions in the shares, underlying shares (as defined in the Securities and Futures Ordinance (the “SFO”)) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”):

Long positions in the Company:

Name of Directors	Nature of interests	Number of issued ordinary shares held	Number of underlying shares held pursuant to share options	Aggregate number of shares held	Approximate aggregate percentage of the issued share capital
Lu Xing (“Mr. Lu”)	Beneficial owner	513,888,000	—	1,303,516,323	21.86%
	Held by controlled corporation	789,628,323 (Note 1)	—	—	—
Li Jia	Beneficial owner	7,936,000	—	7,936,000	0.13%
Wu Xiaodong (resigned on 24 March 2020)	Beneficial owner	15,103,000	3,000,000	18,103,000	0.30%
Xu Dayong	Beneficial owner	—	1,000,000	1,000,000	0.02%
Wang Shuping	Beneficial owner	—	500,000	500,000	0.01%
Wu Yalin	Beneficial owner	—	1,000,000	1,000,000	0.02%

Note:

- Of these 789,628,323 shares, 109,628,323 shares are held by Ascher Group Limited; and 680,000,000 shares are held by Headwind Holdings Limited. Ascher Group Limited and Headwind Holdings Limited are companies incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lu.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executives of the Company held any interests or short positions in the shares, underlying shares (as defined in the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the above sections headed “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations” and “Share Option Schemes”, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable any of the Directors or the Company’s members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the Directors, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, the following persons (other than Directors or chief executives of the Company) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the Company:

Name of substantial shareholders of the Company	Nature of interests	Number of issued ordinary shares/ underlying shares held	Aggregate number of shares held	Approximate aggregate percentage of the issued share capital
Headwind Holdings Limited	Beneficial owner	680,000,000 (Note 1)	680,000,000	11.41%
Guo Zhen Bao	Beneficial owner Held by spouse	184,622,032 196,408,000 (Note 2)	381,030,032	6.39%
Choi Chung Lam (“Mr. Choi”)	Beneficial owner Held by controlled corporations	3,500,000 533,464,000 (Note 3)	536,964,000	9.01%
Siu Fung (“Ms. Siu”)	Held by controlled corporation	578,700,000 (Note 4)	578,700,000	9.71%

Notes:

1. These 680,000,000 shares are held by Headwind Holdings Limited, which is incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lu.
2. These 196,408,000 shares are held by Ms. Ren Jiying who is the spouse of Mr. Guo Zhen Bao.

3. Of these 533,464,000 shares, 434,724,000 shares are held by HTHTIMES Limited and 98,740,000 shares are held by Team Effort Investments Limited. HTHTIMES Limited and Team Effort Investments Limited are companies incorporated in the British Virgin Islands with limited liabilities and wholly owned by Mr. Choi.
4. These 578,700,000 shares are held by Easy Team Investment Limited which is incorporated in Hong Kong with limited liabilities and wholly owned by Ms. Siu.

Save as disclosed above, as at 30 June 2020, the Company had not been notified of any interests or short position being held by any substantial shareholder in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

Throughout the Reporting Period, the Company has applied and complied with the code provisions in the Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Listing Rules except the following deviation:

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. Some non-executive Directors were not able to attend the annual general meeting held on 12 June 2020 due to their respective business engagements. Other Board members who attended that general meeting were already of sufficient calibre and number for answering questions raised by the shareholders of the Company at that general meeting.

COMPLIANCE WITH MODEL CODE

During the Reporting Period, the Company has adopted the Model Code as its code of conduct regarding securities transactions by its Directors. The Company had made specific enquiries of all Directors, and the Company was not aware of any non-compliance with the required standard in the Model Code.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently does not have any future plans for material investments or capital assets.

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 Reporting Period.

SIGNIFICANT INVESTMENTS

The investment objective of the Group is to achieve earnings and enhance the corporate value to the shareholders of the Company. The Group has no specific industry focus on potential investment. The deteriorating economy will cause uncertainties in the future investments.

As at 30 June 2020, the Group has three financial assets at fair value through other comprehensive income and one financial asset at fair value through profit or loss with details as follows:

					Measured at fair value as at 31 December 2019 (RMB'000)	Addition (RMB'000)	Fair value change (RMB'000)	Exchange realignment (RMB'000)	Measured at fair value as at 30 June 2020 (RMB'000)
	Note	Number of shares held	Investment cost (RMB'000)	Percentage of interest held					
Investment A	(a)(f)	N/A	38,000	19.8%	17,500	—	2,500	—	20,000
Investment B	(b)(f)	N/A	25,000	2.5%	23,000	—	(2,000)	—	21,000
Investment C	(c)(f)	N/A	2,000	4%	1,000	—	(500)	—	500
Investment D	(d)	N/A	2,400	19.4%	—	2,400	—	—	2,400
Investment E	(e)	50,000	3,243	12.35%	3,479	—	—	68	3,547
Total:			<u>70,643</u>		<u>44,979</u>	<u>2,400</u>	<u>—</u>	<u>68</u>	<u>47,447</u>

Notes:

- (a) Investment A is a private company namely 北京國亞通寶科技有限公司 (“Guoya Tongbao”) incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During the Reporting Period, Guoya Tongbao was loss-making according to the management accounts. The management decided to hold the investment for medium or long-term strategic purpose.
- (b) Investment B is a mutual insurance agency namely Xinmei Mutual incorporated in the PRC and is principally engaged in the provision of life insurance products in the PRC. During the Reporting Period, Xinmei Mutual was profit-making according to the management accounts. The management decided to hold the investment for medium or long-term strategic purpose.
- (c) Investment C is a private company namely 北京亞格斯科技發展有限公司 (“Yagus”) incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During Reporting Period, Yagus was loss-making according to the management accounts. The management decided to hold the investment for medium or long-term strategic purpose.
- (d) Investment D is a private company namely 北京創聯恆通信息服務有限公司 (“Hengtong”) incorporated in the PRC and is principally engaged in information technology consulting services. During Reporting Period, Hengtong was still at initial development stage and the fair value of Investment D was referenced to the net book value outlined in the management accounts of Hengtong as at 30 June 2020. The management decided to hold the investment for medium or long-term strategic purpose.
- (e) Investment E is a fund investment namely Flyover Fund SPC Limited (“Flyover”) incorporated in the Cayman Islands and is principally engaged in investing in cultural innovation industry in Greater China region. The financial performances of Flyover as at 31 December 2019 and 30 June 2020 were referenced to the respective reports from the manager of Flyover. The change in carrying value of Flyover for the period ended 30 June 2020 represented the exchange realignment. The management will continue to hold the investment and expect a high yield in the new future.

- (f) Investment A, Investment B and Investment C are collectively referred to as the “Investments”. As at 31 December 2019 and 30 June 2020, the Investments were measured at fair values. The Group engaged an independent external expert to determine the fair values of the Investments as at 31 December 2019 and 30 June 2020. The fair values of the Investments were determined using the market approach by applying market multiples from comparable companies and adjusted by marketability discount.

To mitigate relevant risks, the Group will optimise its investment strategies in response to market conditions.

Save as disclosed above, the Group had no significant investments held during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 11 June 2020, the Group disposed of its indirectly owned subsidiary, 甘肅創聯國培教育科技有限公司, which engaged in the provision of the online training and education services, to an independent third party for a cash consideration of RMB765,000.

EVENT AFTER THE REPORTING PERIOD

There is no important event affecting the Company after the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) currently consists of three independent non-executive Directors, namely, Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping. The unaudited financial interim results and the interim report of the Group for the Reporting Period have been reviewed by the Audit Committee.

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

Hong Kong, 28 August 2020

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

* *For identification purposes only*