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Chuanglian Holdings Limited

創聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

RESULT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

RESULTS HIGHLIGHTS

	For the year ended 31 December	
	2022 RMB'000	2021 RMB'000
Reported financial information		
Revenue	325,620	280,252
Gross profit	152,198	147,024
Profit before tax	21,362	42,765
Profit for the year	10,884	30,017
Profit for the year attributable to owners of the Company	13,523	33,011
Basic earnings per share (<i>RMB cent</i>)	0.20	0.52
Adjusted financial information[#]		
Profit before tax	25,104	43,765
Profit for the year	14,626	31,017
Profit for the year attributable to owners of the Company	17,265	34,011
Basic earnings per share (<i>RMB cent</i>)	0.26	0.54

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

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Chuanglian Holdings Limited (the “**Company**”) hereby announces the audited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative audited figures for the year ended 31 December 2021 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

		2022	2021
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	325,620	280,252
Cost of services		<u>(173,422)</u>	<u>(133,228)</u>
Gross profit		152,198	147,024
Other income, net gains and losses	5	21,958	20,222
Loss on disposal of subsidiaries		(14,486)	–
Selling and marketing expenses		(40,919)	(36,803)
Administrative expenses		(90,282)	(80,075)
Share of results of associates		(180)	(303)
Impairment losses on financial assets		(1,903)	(1,000)
Finance costs	6	<u>(5,024)</u>	<u>(6,300)</u>
Profit before tax		21,362	42,765
Income tax expense	7	<u>(10,478)</u>	<u>(12,748)</u>
Profit for the year	8	<u>10,884</u>	<u>30,017</u>
Other comprehensive (expense) income			
<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		(2,200)	3,421
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>10,197</u>	<u>1,877</u>
Other comprehensive income for the year		<u>7,997</u>	<u>5,298</u>
Total comprehensive income for the year		<u>18,881</u>	<u>35,315</u>

	<i>NOTE</i>	2022 RMB'000	2021 <i>RMB'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		13,523	33,011
Non-controlling interests		(2,639)	(2,994)
		<u>10,884</u>	<u>30,017</u>
 Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		21,520	38,309
Non-controlling interests		(2,639)	(2,994)
		<u>18,881</u>	<u>35,315</u>
 Earnings per share			
Basic and diluted (<i>RMB cent</i>)	<i>10</i>	<u>0.20</u>	<u>0.52</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>NOTES</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current assets			
Plant and equipment		50,011	49,809
Right-of-use assets		71,371	81,972
Intangible assets		55,614	50,271
Goodwill		38,290	38,290
Financial assets at fair value through other comprehensive income		53,200	56,821
Financial asset at fair value through profit or loss		3,011	2,260
Interests in associates		5,477	5,657
Deposit paid for acquisition of property, plant and equipment		20,979	3,200
Finance lease receivables		–	35,951
Other receivables	<i>11</i>	2,400	1,856
Term deposit		5,030	5,000
		305,383	331,087
Current assets			
Trade and other receivables	<i>11</i>	69,007	49,945
Finance lease receivables		–	2,766
Loan and interest receivables		4,510	5,149
Digital assets		18,991	12,055
Bank balances and cash		157,806	169,358
		250,314	239,273
Current liabilities			
Contract liabilities		24,022	31,178
Trade and other payables	<i>12</i>	32,174	44,688
Amount due to a shareholder		57	57
Lease liabilities		11,949	13,912
Income tax payable		8,736	14,402
		76,938	104,237
Net current assets		173,376	135,036
Total assets less current liabilities		478,759	466,123

	<i>NOTES</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Capital and reserves			
Share capital		56,662	56,662
Reserves		333,153	311,215
		<hr/>	<hr/>
Equity attributable to owners of the Company		389,815	367,877
Non-controlling interests		737	3,376
		<hr/>	<hr/>
Total equity		390,552	371,253
		<hr/>	<hr/>
Non-current liabilities			
Deferred tax liability		9,403	8,724
Lease liabilities		78,804	86,146
		<hr/>	<hr/>
		88,207	94,870
		<hr/>	<hr/>
		478,759	466,123
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. GENERAL

Chuanglian Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Rooms 2009-18, 20/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The Company is principally engaged in investments holding. The principal activities of its principal subsidiaries are educational consultancy and online training and education, 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 Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) mainly operate in the PRC, the directors of the Company consider that it is appropriate to present the consolidated financial statements in RMB.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRS(s)**”)

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to Hong Kong Accounting Standard (“ HKAS(s) ”) 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines		
Online training and education services	180,372	216,154
On-site training services	9,633	12,340
Educational consultancy services	16,221	14,816
Financial services	98,007	30,366
	<u>304,233</u>	<u>273,676</u>
Revenue from other source		
Finance leasing services	21,387	6,576
	<u>21,387</u>	<u>6,576</u>
	<u>325,620</u>	<u>280,252</u>

Disaggregation of revenue from contracts with customers by timing of recognition

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Timing of revenue recognition		
At a point of time	107,640	42,706
Over time	<u>196,593</u>	<u>230,970</u>
Total revenue from contracts with customers	<u><u>304,233</u></u>	<u><u>273,676</u></u>

4. SEGMENT INFORMATION

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 segments are as follows:

1. Securities trading – trading of financial asset at fair value through profit or loss (“FVTPL”);
2. Educational consultancy and online training and education – provision of educational consultancy services and online training and education services and on-site training services; and
3. Financial services – provision of insurance brokerage services, money lending services, investments advisory service, and finance leasing services.

Segment revenue and results

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

For the year ended 31 December 2022

	Securities trading <i>RMB'000</i>	Educational consultancy and online training and education <i>RMB'000</i>	Financial services <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE				
External sales	–	206,226	119,394	325,620
Segment profit	–	37,371	2,823	40,194
Unallocated other income, net gains and losses				(3,429)
Unallocated corporate expenses				(15,403)
Profit before tax				21,362

For the year ended 31 December 2021

	Securities trading <i>RMB'000</i>	Educational consultancy and online training and education <i>RMB'000</i>	Financial services <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE				
External sales	–	243,310	36,942	280,252
Segment profit	–	54,392	1,200	55,592
Unallocated other income, net gains and losses				1,417
Unallocated corporate expenses				(14,244)
Profit before tax				42,765

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, certain other income, gains and losses, depreciation of certain plant and equipment and right-of-use assets, loss on disposal of plant and equipment and certain finance costs. 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.

5. OTHER INCOME, NET GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Compensation income	23,660	15,208
Government grants	365	–
Value-added tax refunded	1,044	1,107
Interest income from loan and interest receivables	533	243
Bank interest income	2,159	1,151
Penalty income	–	500
Fair value gain on financial asset at FVTPL	523	675
Change in fair value in digital assets	(6,777)	128
Gain on disposal of a subsidiary	–	150
Others	451	1,060
	<u>21,958</u>	<u>20,222</u>

6. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest expense on convertible bonds	–	694
Interest expense on lease liabilities	5,024	5,589
Interest expense on bank borrowing	–	17
	<u>5,024</u>	<u>6,300</u>

7. INCOME TAX EXPENSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
PRC Enterprise Income Tax		
– current year	9,799	13,875
Deferred tax	679	(1,127)
	<u>10,478</u>	<u>12,748</u>

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 2022, two (2021: two) 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 2022 and 2021 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.

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' and chief executive's emoluments	3,394	3,879
Other staff costs (excluding directors' and chief executive's emoluments)	59,111	42,448
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	9,955	4,164
	<hr/>	<hr/>
Total staff costs	72,460	50,491
	<hr/>	<hr/>
Auditor's remuneration	1,298	1,324
Share-based payment expenses granted to consultants	1,839	–
Depreciation of plant and equipment	12,304	10,043
Depreciation of right-of-use assets	15,437	15,221
Amortisation of intangible assets (included in cost of services)	10,346	7,268
Loss on disposal of plant and equipment	287	–
Write-off of plant and equipment	70	275
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9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2022, nor has any dividend been proposed since the end of the Reporting Period (2021: nil).

10. EARNINGS PER SHARE

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

Earnings

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>13,523</u>	<u>33,011</u>

Number of shares

	2022 <i>'000</i>	2021 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>6,752,211</u>	<u>6,337,608</u>

For the year ended 31 December 2022 and 2021, diluted earnings per share was the same as the basic earnings per share and the computation of diluted earnings per share 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.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	17,560	6,741
Less: impairment loss recognised	<u>(1,542)</u>	<u>(1,057)</u>
	<u>16,018</u>	5,684
Other receivables	20,983	37,237
Consideration receivables	26,887	–
Prepayments	7,414	5,940
Deposits	2,569	3,003
Value added tax recoverables	1,354	2,337
Less: impairment loss recognised	<u>(3,818)</u>	<u>(2,400)</u>
	<u>55,389</u>	46,117
	<u>71,407</u>	51,801
Analysed as		
Current	69,007	49,945
Non-current	<u>2,400</u>	<u>1,856</u>
	<u>71,407</u>	<u>51,801</u>

The Group does not hold any collateral over these receivables.

At as 31 December 2022, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB17,560,000 (2021: RMB6,741,000).

Trade receivables are due according to the terms on the relevant contracts as at 31 December 2022 and 2021. The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the good repayment records for those customers, continuous business with the Group and/or other reasonable and supportable information. 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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 30 days	13,569	4,469
31 to 60 days	1,545	516
61 to 180 days	728	699
181 to 365 days	171	–
Over 365 days	5	–
	<u>16,018</u>	<u>5,684</u>

12. TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	6,410	11,473
Other payables	14,528	23,983
Other tax payables	1,673	1,091
Accruals	9,563	8,141
	<u>32,174</u>	<u>44,688</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 30 days	5,659	10,952
31 to 60 days	143	7
91 to 150 days	80	1
Over 365 days	528	513
	<u>6,410</u>	<u>11,473</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 timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) educational consultancy and online training and education (collectively referred to as “**education services**”) and (ii) financial services.

In respect of the education services, the Group’s vision is to deeply cultivate the continuing education market, expand new vocational education and create a vocation education brand that promotes lifelong learning, employment and personal career development. While in respect of the financial services, the Group has successfully expanded its operations to financial services business through a series of acquisitions transactions in the past few years, the management expected both services can share their resources and integrate with each other’s, thereby establishing a dual development model of “education + financial services”.

Education Services

The Group provides online and offline training services for millions of professional staff in various provinces and cities across the PRC to adapt to job requirements and improve their job skills. The current population of professional staff in the PRC is over 90 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.

Due to the impact of the COVID-19 pandemic, 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 200 large-scale online training and education service platforms for institutional B-end users and 1 online education platform (Rongxue Cloud) for mobile Internet C-end users. The Group currently has more than 8 million paying users. In the past few years, the Group’s online training platform has provided training for more than 60 million times of attendance.

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 20 provinces, autonomous regions, and municipalities, and over 150 cities in the PRC.

Furthermore, the Group has launched a multi-level, multi- dimensional online and 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 for both online and offline services.

Financial Services

Leveraging on the continuous development of the PRC market and its own advantage in terms of resources, the Group has accumulated years of experience in the field of education and has achieved relatively good results. With financial services being one of the four pillar industries in Hong Kong, and the Group being a participant in Hong Kong's capital market, the Group was able to expand and develop its business in the financial sector by virtue of its own strengths and the promising growth potential of Hong Kong's financial market.

Since 2017, the Group has completed a series of mergers and acquisitions of licensed financial companies in the PRC and Hong Kong markets, which accelerated the Group's expansion into the financial sector.

As at 31 December 2022, Beijing Zhongjin Insurance Brokerage Limited ("**Beijing Zhongjin**"), a subsidiary of the Group, established branches in nearly 10 provinces and cities in the PRC, including Shanghai, Shandong, Jiangxi, Tianjin, and Guangdong. Beijing Zhongjin actively developed its business and worked together with Well Tunes Financial Group Limited ("**Well Tunes**"), a subsidiary of the Group, with an aim to promote collaborative development between the two markets.

RuiLian Financial Group Company Limited ("**RuiLian**"), a subsidiary of the Group, 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. As at the end of the Reporting Period, its asset management and advisory businesses contributed to the overall performance of RuiLian. Under the strategic guidance of and the efforts made by the management team, RuiLian has been managing several funds, including Premier Global Investment Fund SPC, Premier Frontier IPO Fund, CCBT Global Navigation Fund and CCB Frontier Fortune Fund, with the total amount of assets under management reaching approximately HK\$1.2 billion.

As an important contributor to the Group's financial development, Wellstone Credit Finance Limited, a subsidiary of the Group, is a licensed money lender in Hong Kong that primarily develops in line with the Group's overall commitments and provides an absolute guarantee for the development of its business in accordance with external requirements. As such, its operating results have historically contributed to the overall development of the Group.

In August 2021, the Group expanded its financial services segment and tap into the PRC finance lease by acquiring Leading Fortune Global Group Limited ("**Leading Fortune Global**", together with its subsidiaries, "**Leading Fortune Global Group**") ("**Acquisition of Leading Fortune Global**"). Leading Fortune Global Group focuses on the provision of finance lease services over high-performance data processing computer units which are specialised in distributed ledger technology, blockchain and cryptocurrencies, and the provision of technology consulting services.

Shortly after the Acquisition of Leading Fortune Global, new rules and regulations in relation to cryptocurrencies were announced and imposed by the PRC authorities and the People’s Bank of China unexpectedly in September 2021. Although Leading Fortune Global was not directly affected by such new rules and regulations, Leading Fortune Global suspended its technology consulting services and tried to reform its business model and negotiate with its customers to relocate its place of business operations.

Having considered, among others, the introduction of such new rules and regulations had limited the growth and prospects of Leading Fortune Global Group which is contrary to the Company’s expectation when the Acquisition of Leading Fortune Global was conducted, in August 2022, the Group entered into a sale and purchase agreement (“**Disposal SPA**”) with Mr. Pan Ruixin (“**Mr. Pan**”), a connected person of the Company at the subsidiary level and the vendor of Acquisition of Leading Fortune Global, for disposal of Leading Fortune Global (“**Disposal of Leading Fortune Global**”). The consideration of Disposal of Leading Fortune Global is HK\$43,000,000 (the “**Consideration**”) and shall be settled by Mr. Pan to the Group by four instalments, and Mr. Pan has the right to choose to settle any instalment in HK\$ cash or in the form of Eligible Cryptocurrency (as defined in the Disposal SPA).

Disposal of Leading Fortune Global was completed on 23 December 2022 and Mr. Pan settled the 1st instalment of the Consideration, being HK\$12,900,000, in the form of MXC, a type of Eligible Cryptocurrency. On 29 March 2023, Mr. Pan has partially settled the 2nd instalment of the Consideration, in the sum of approximately HK\$3,680,000, in the form of MXC, a type of Eligible Cryptocurrency. An outstanding amount of approximately HK\$9,220,000 (the “**Overdue Sum**”) of the 2nd instalment remains overdue by Mr. Pan as at the date of this announcement. The Group shall continue using its best endeavours to collect the Overdue Sum from Mr. Pan as soon as possible, and reserves its right to take appropriate legal actions against Mr. Pan to recover the Overdue Sum where appropriate. Details of the Disposal of Leading Fortune Global were set out in the announcements of the Company dated 4 August 2022, 1 September 2022, 30 September 2022, 1 December 2022, 23 December 2022, 3 January 2023 and 31 March 2023.

Besides, the Company has been tapping into the blockchain and cryptocurrency industries since 2021 by investing in cryptocurrencies such as Bitcoin (BTC) and Ethereum (ETH). Furthermore, since late 2021, RuiLian has also commenced providing asset management services to its clients where a certain portion of the fund assets is used to invest in cryptocurrency investment products.

PROSPECTS

Education Services

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 widen 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 the launching of the 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 providing more pre-examination preparation courses in the future.

Financial Services

Due to Hong Kong's position as an international financial center and the southern-most strategic location in the Greater Bay Area ("GBA"), in addition to the full support provided by the Central Government to the GBA Economic Zone, financial services are of paramount importance.

The Group has achieved preliminary results in relation to its active strategic planning in the financial sector. However, we are always reminded by the increasingly intense market competition, that we should constantly step up our expansion plans.

Beijing Zhongjin will continue to set up offices in major cities in the PRC, in order to satisfy domestic demands for insurance products, and lay a solid foundation for market expansion and business improvement. On the basis of the existing life insurance business, Well Tunes will actively expand its financial insurance business starting from inner circles and gradually expanding to outer circles. Besides, group medical insurance, MPF, employee benefits and other group insurance plans will be launched. At present, both companies are actively accommodating differences between the insurance products of Hong Kong and the Mainland and utilizing the respective strengths thereof. Once intraregional business activities become commonplace, both companies can expand their operations for them to reach the next milestone through resources sharing and create real synergy.

In April 2022, RuiLian has completed the upgrading of its Type 1 (Dealing in Securities) regulated activity, the Group has realized the business connections among Type 1, Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities. Furthermore, RuiLian is actively developing its Type 9 business, the total amount and the types of assets under management have been on the increase and are targeted to exceed HK\$3 billion. The management believes that the financial services will promote the growth of the Group's overall revenue in foreseeable future.

FINANCIAL REVIEW

For the Reporting Period, the Group recorded a revenue of approximately RMB325,620,000 (2021: approximately RMB280,252,000), representing an increase of approximately 16.2% as compared to the last corresponding period.

Out of the total revenue, approximately RMB206,226,000 (2021: approximately RMB243,310,000) was generated from educational consultancy and online training and education business, and approximately RMB119,394,000 (2021: approximately RMB36,942,000) 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 approximately 63.3% of the total revenue for the Reporting Period. There was a decrease in the Group's revenue from the educational consultancy and online training and education business for the Reporting Period was mainly due to the drop of the enrollment and demand of training courses for professional technical personnel, as a result of the prevention measures and social restrictions of COVID-19 outbreak which temporarily disrupted the training courses enrollments and the corporate's training courses arrangements in certain regions. The Group expects the revenue from educational consultancy and online training and education business will be resume to normal as soon as these restrictions in relevant regions are relieved.

In view of the huge market potential of the online training and education as well as the PRC government launched several action plans for promoting high-quality development of modern vocational education, the management expects that there will be a steady and sustainable growth in the Group's educational consultancy and online training and education business in future.

The increase of revenue from the financial services business was due to expansion of insurance brokerage business in more cities in PRC and more revenue was generated from four funds during the Reporting Period. Furthermore, the finance lease business through Leading Fortune Global and its subsidiaries generated revenue of approximately RMB21,387,000 during the Reporting Period, which was then ceased after the completion of the Disposal of Leading Fortune Global.

The management 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 RMB173,422,000 (2021: approximately RMB133,228,000), representing an increase of approximately 30.2% as compared to the last corresponding period. The increase in cost of services was mainly due to the increase in insurance commission, course material acquisition costs and service fee.

Selling and marketing expenses for the Reporting Period was approximately RMB40,919,000 (2021: approximately RMB36,803,000), representing an increase of approximately 11.2% as compared to the last corresponding period. The increase in selling and marketing expenses was mainly due to the increase in staff costs and sale commission.

Administrative expenses for the Reporting Period was approximately RMB90,282,000 (2021: approximately RMB80,075,000), representing an increase of approximately 12.7% as compared to the last corresponding period. The increase in administrative expenses was mainly due to the increase in staff costs and share-based payment expense.

In addition, the Group has invested in digital assets such as Bitcoin and Ethereum during the Reporting Period, and loss on change in fair value in digital assets were approximately RMB6,777,000 for the year ended 31 December 2022 (2021: gain approximately RMB128,000).

As a result of the above, the profit attributable to owners of the Company for the year ended 31 December 2022 was approximately RMB13,523,000 (2021: approximately RMB33,011,000). The basic earnings per share for the Reporting Period was approximately RMB0.20 cent compared to a basic earnings per share of approximately RMB0.52 cent for 2021.

SIGNIFICANT INVESTMENTS

The investment objective of the Group is to achieve earnings and enhance the corporate value to the shareholders of the Company (“**Shareholder(s)**”). The Group has no specific industry focus on potential investment.

As at 31 December 2022, the Group has three financial assets at fair value through other comprehensive income (“**FVTOCI**”) and one financial asset at fair value through profit or loss with details as follows:

				Measured at fair value as at		Fair value	Exchange	Measured at fair value as at	
	Notes	Number of shares held	Investment cost (RMB'000)	Percentage of interest held	1 January 2022 (RMB'000)	Deregistered (RMB'000)	change (RMB'000)	realignment (RMB'000)	31 December 2022 (RMB'000)
Investment A	(a)(f)	N/A	38,000	19.8%	28,000	-	(2,000)	-	26,000
Investment B	(b)(f)	N/A	25,000	2.5%	27,000	-	-	-	27,000
Investment C	(c)(f)	N/A	2,000	4%	400	-	(200)	-	200
Investment D	(d)	N/A	2,400	19.4%	1,421	(1,421)	-	-	-
Investment E	(e)	50,000	3,243	12.35%	2,260	-	523	228	3,011
			<u>70,643</u>		<u>59,081</u>	<u>(1,421)</u>	<u>(1,677)</u>	<u>228</u>	<u>56,211</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 profit-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 loan investment in 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 loss-making according to the management accounts. On 22 March 2021, 北京創聯國培雲科技有限公司, a wholly-owned subsidiary of the Company entered into a transfer agreement with an independent third party to sell the loan investment. Due to non-fulfillment of certain conditions precedent in the transfer agreement, the transfer of loan investment lapsed on 23 March 2022. Afterward, 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 the Reporting Period, Yagus was profit-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 the Reporting Period, the management of Hengtong decided to deregister it due to the continue loss-making in the past few years. The deregistration process was completed in the Reporting Period and a loss on deregistration of financial asset at FVTOCI of RMB1,421,000 was recognised.
- (e) Investment E is a private company namely Flying Global Limited (“**Flying Global**”) incorporated in Hong Kong and is principally engaged in investing in cultural innovation industry in the Greater China region. The financial performances of Flying Global as at 31 December 2021 and 31 December 2022 were referenced to the respective reports from the manager of Flying Global. 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 2021 and 31 December 2022, 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 2021 and 31 December 2022. 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

On 4 August 2022, Chuanglian Financial Technology Limited (“**CFT**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Pan, a connected person of the Company at the subsidiary level, pursuant to which CFT agreed to dispose 100% of the issued capital in Leading Fortune Global, a company established in the British Virgin Islands with limited liability. Leading Fortune Global Group engaged in the provision of finance lease services over high-performance data processing computer units which are specialised in distributed ledger technology, blockchain and cryptocurrencies, and the provision of technology consulting services. The disposal was completed on 23 December 2022. Details of the disposal were set out in the announcements of the Company dated 4 August 2022, 1 September 2022, 30 September 2022, 1 December 2022, 23 December 2022, 3 January 2023 and 31 March 2023.

On 2 September 2022, Sichuan Chuanglian Guopei Education Advisory Limited* (四川創聯國培教育諮詢有限公司), a subsidiary of the Company, as purchaser, entered into the agreement with China Railway Industrial Park (Chengdu) Investment Development Co., Ltd. (中鐵產業園(成都)投資發展有限公司), as vendor, in relation to the purchase of the properties (“**Purchase of Properties**”). Details of the Purchase of Properties is set out in the Company’s announcement dated 2 September 2022.

Saved as disclosed herein, the Group had no material acquisition or disposal during the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group finances its operations by cash flow from operating activities and bank balances.

As at 31 December 2022, the Group had bank balances and cash of approximately RMB157,806,000 as compared to the bank balances and cash of approximately RMB169,358,000 as at 31 December 2021.

The Group’s net current assets totalled approximately RMB173,376,000 as at 31 December 2022, against approximately RMB135,036,000 as at 31 December 2021. The Group’s current ratio was approximately 3.25 as at 31 December 2022 as compared with approximately 2.30 as at 31 December 2021.

GEARING RATIO

The gearing ratio of the Group (measured as total liabilities to total assets) was approximately 29.7% as at 31 December 2022 (2021: approximately 34.9%).

CAPITAL STRUCTURE

As at 31 December 2022, the Company has 6,752,210,578 shares in issue.

There has been no change in the capital structure of the Group during the Reporting Period.

USE OF PROCEEDS

Placing of Shares and Placing of CB

On 28 April 2021, the Company and ASA Securities Limited (the “**Placing Agent**”) entered into a share placing agreement (the “**Share Placing Agreement**”) and a convertible bond placing agreement (the “**CB Placing Agreement**”) respectively, pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, for up to 470,000,000 new shares of the Company (the “**Placing Shares**”) at a price of HK\$0.102 per Placing Share (the “**Placing of Shares**”) and for convertible bonds (the “**Convertible Bonds**”) in the principal amount of up to HK\$90,000,000 (the “**Placing of CB**”).

* *For identification purposes only*

The Placing of Shares and the Placing of CB were both completed on 28 May 2021 in accordance with the terms and conditions of the Share Placing Agreement and CB Placing Agreement respectively. A total of 470,000,000 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\$0.102 per Placing Share, and the Convertible Bonds in the aggregate principal amount of HK\$40,000,000 have been placed to one placee, namely Mr. Song Bo (“**Mr. Song**”), being a PRC resident and a general investor. Mr. Song was appointed as an executive Director on 25 June 2021 and resigned as an executive Director on 6 February 2023. On 15 September 2021, 320,000,000 Shares upon conversion of the Convertible Bonds in the principal amount of HK\$40,000,000 were issued and thus the Convertible Bonds was fully converted and no remaining outstanding balance.

The net proceeds from the Placing of Shares and Placing of CB which were completed on 28 May 2021, after deduction of the relevant fees paid by the Company in connection therewith, were approximately HK\$47,790,000 and HK\$39,760,000 respectively.

The Company intends to apply the net proceeds from Placing of Shares and Placing of CB in the same proportion and manner as shown in the announcement of the Company dated 28 May 2021. An analysis of the utilisation of the net proceeds up to 31 December 2022 is set out below:

Intended use of net proceeds	Original allocation of net proceeds <i>HK\$'000</i>	Net proceeds utilised during the year ended 31 December 2022 <i>HK\$'000</i>	Unutilised balance of net proceeds up to 31 December 2022 <i>HK\$'000</i>	Expected timeline for unused net proceeds
Possible investment in the education and finance market	60,050	42,000	18,050	2023
General working capital	27,500	27,500	–	–
Total	<u>87,550</u>	<u>69,500</u>	<u>18,050</u>	

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 2022, 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 31 December 2022, the Group had no contingent liabilities (2021: Nil).

CHARGES ON GROUP ASSETS

As at 31 December 2022, the Group did not have any charges on its assets (2021: Nil).

CAPITAL COMMITMENT

As at 31 December 2022, the Group had outstanding capital commitment in respect of capital contribution of acquisition of property, plant and equipment and interests in associates of RMB25,794,000 and RMB13,840,000 (2021: Nil and RMB13,840,000) respectively.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group had no material events occurred after the financial report date which need to be disclosed.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2022, the Group had 484 employees (2021: 381 employees) in Hong Kong and the PRC and the total staff costs (including all Directors' remuneration and fees) are approximately RMB72,460,000 for the year ended 31 December 2022 (2021: approximately RMB50,491,000).

The Group continues to provide remuneration packages to employees according to market practices, their experience and performance. Remuneration policy is basically determined with reference to individual performance as well as the financial results of the Group. Remuneration to staff will be reviewed from time to time when warranted considering the performances of staff. Other benefits include medical insurance scheme and contribution of statutory mandatory provident fund for the employees. The Group also adopted a share option scheme whereby qualified participants may be granted options to acquire Shares. There has been no major change in staff remuneration policies during the year ended 31 December 2022.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for those Hong Kong employees who are eligible to participate in the MPF Scheme, which contributions are made based on a percentage of the employees' basic salaries and the employees of the Group which operates in the PRC are required to participate in a central pension scheme (the “**Central Pension Scheme**”, together with the MPF Scheme, the “**Defined Contribution Schemes**”) operated by the local municipal government, which these subsidiaries are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Central Pension Scheme. The contributions by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the years ended 31 December 2021 and 31 December 2022, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2021 and 2022.

For each of the years ended 31 December 2021 and 2022, the Group did not have any defined benefit plan.

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.

OTHER INFORMATION

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2022.

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 2022.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the CG Code as its own code of corporate governance. The Company believes that by achieving high standard of corporate governance, the corporate value and accountability of the Company can be enhanced and the Shareholders' interests can be maximised. The Board has continued to monitor and review the Company's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the Reporting Period and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Company to ensure awareness to issues regarding corporate governance practices.

During the year ended 31 December 2022, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations explained below.

Code provision	Reasons for the non-compliance and improvement actions took or to be taken
F.2.2	Due to other business engagements, Mr. Lu, the Chairman, was not able to present at the annual general meeting ("AGM") held on 13 June 2022 ("2022 AGM"). However, Mr. Gao, the chief executive officer and an executive Director present at the 2022 AGM, took the chair of the 2022 AGM to ensure effective communication with the Shareholders thereat.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND OTHER RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules 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.

AUDIT COMMITTEE

The audit committee of the Company currently comprised three independent non-executive Directors, has reviewed with the management and the external auditors of the Company, the annual results of the Group for the year ended 31 December 2022 and the accounting principles and policies adopted by the Group.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 of the Company for the year ended 31 December 2022 will be dispatched to the Company's shareholders and published on the aforesaid websites in due course.

By order of the Board
Chuanglian Holdings Limited
Lu Xing
Chairman and executive Director

Hong Kong, 31 March 2023

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