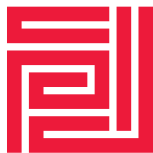


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China Chuanglian Education Financial Group Limited

中國創聯教育金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of China Chuanglian Education Financial Group Limited (the “**Company**”) hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”), together with the comparative audited figures for the year ended 31 December 2019.

RESULTS HIGHLIGHTS

	For the year ended	
	31 December	
	2020	2019
	RMB'000	RMB'000
Reported financial information		
Turnover	183,025	164,940
Gross profit	102,707	101,156
Profit (loss) before tax	2,109	(9,633)
Loss for the year	(2,950)	(19,640)
Loss for the year attributable to owners of the Company	(2,059)	(20,199)
Basic loss per share (<i>RMB' cent</i>)	(0.03)	(0.37)

	For the year ended	
	31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Adjusted financial information[#]		
Profit before tax	4,525	3,047
Loss for the year	(534)	(6,960)
Profit (loss) for the year attributable to owners of the		
Company	357	(7,519)
Basic earnings (loss) per share (<i>RMB' cent</i>)	0.01	(0.14)

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

RESULTS

For the year ended 31 December 2020, the Group recorded a turnover of approximately RMB183,025,000 (2019: approximately RMB164,940,000), representing an increase of approximately 11.0% as compared to that of last year. Out of the total turnover, approximately RMB174,829,000 (2019: approximately RMB160,073,000) was derived from the educational consultancy and online training and education segment which accounted for approximately 95.5% of the total turnover for the year ended 31 December 2020 and approximately RMB8,196,000 (2019: approximately RMB4,867,000) was derived from the financial services business segment which amounted for approximately 4.5% of the total turnover for the year ended 31 December 2020. The loss attributable to owners of the Company for the year ended 31 December 2020 was approximately RMB2,059,000, as compared to approximately RMB20,199,000 in the past year.

INDUSTRY REVIEW

The popularity of the internet in the People's Republic of China (the “**PRC**”) has continued to grow in the recent years as a result of the rapid development of internet under the government support. According to the data published by the National Bureau of Statistics of China, the population of local internet users in the PRC steadily increased from approximately 688.3 million in 2015 to approximately 989.0 million in 2020, representing compound annual growth rate of approximately 7.5%. The number of mobile internet subscribers in the PRC increased from approximately 964.5 million in 2015 to approximately 1,318.5 million in 2019, representing a compound annual growth of approximately 8.1%. This demonstrates the significance and importance of mobile internet in the internet industry. The Group believes the rapid growth of mobile broadband user base would be beneficial to the development of online education and training in the PRC as the higher speed of data transmission e.g. the technology of 5G would enable smoother streaming of videos and more interactive functions within the online education and training session.

The market value of China's online education industry is enormous. According to official data, the proportion of China's fiscal education expenditures to GDP has been increasing year by year. Since 2012, the proportion of state fiscal education and training expenditures to GDP has continued to exceed 4% for many years. China's online education market increased from approximately RMB122.5 billion in 2015 to a breakthrough of RMB300 billion in 2019, with a compound annual growth rate of more than 20%. At the same time, the development of new technologies such as blockchain, big data, 5G will also drive changes in user experience, service content and consumption scenarios, injecting new vitality into the development of the online education industry. In addition, the online penetration rate of China education industry is also reported lower than that of other industries, such as e-commerce, journalism, and financial management. Therefore, there is still huge room for expansion of online education.

The Group expects the market of education industry in the PRC will continue to grow, especially the online education. The increasing popularity of the internet, the changes in the economy structure and the corresponding increase in the demand for talented personnel in the PRC have created the increasing demand for online education from a macro perspective. The increasing coverage of broadband, advancing technology and increasing popularity and accessibility of online education tools have also enhanced the prominence and advantages of online education from a micro perspective. The Group believes that there are plenty rooms for expansion and development of the Group's online education and training businesses.

Since 2017, the Group has entered into financial services business by acquiring an insurance brokerage firm both in Mainland China and Hong Kong. According to the statistical data provided by China Banking and Insurance Regulatory Commission, the total insurance premium revenue in 2019 and 2020 were approximately RMB4,264.5 billion and RMB4,525.7 billion respectively, representing a growth rate of 6.1% for 2020. Such growth is expected to be sustainable in 2021 and in future.

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 40 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 asset management. The Group has launched three funds, namely Premier Global Investment Fund SPC, Premier Frontier IPO Fund and CCB Frontier Fortune Fund, with asset under management as at 31 December 2020 approximately HK\$300 million, started generating revenue during the Reporting Period. 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 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 business to further satisfy the potential financial needs of our customers. The Group will continue to strengthen its platform for financial management services and put its efforts in funds management by establishing additional funds of various types and develop more financial products in order to expand its customer base to keep abreast of the market trends.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

		2020	2019
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	183,025	164,940
Cost of services		<u>(80,318)</u>	<u>(63,784)</u>
Gross profit		102,707	101,156
Other income, gains and losses	5	3,487	1,240
Selling and marketing expenses		(23,354)	(26,505)
Administrative expenses		(72,278)	(67,784)
Impairment losses on financial assets		(2,280)	–
Impairment loss on goodwill		–	(12,027)
Finance costs	6	<u>(6,173)</u>	<u>(5,713)</u>
Profit (loss) before tax		2,109	(9,633)
Income tax expense	7	<u>(5,059)</u>	<u>(10,007)</u>
Loss for the year	8	<u>(2,950)</u>	<u>(19,640)</u>
Other comprehensive income (expense)			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
<i>Change in fair value of equity investments at fair value through other comprehensive income</i>		9,500	(9,600)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>(317)</u>	<u>361</u>
Other comprehensive income (expense) for the year		<u>9,183</u>	<u>(9,239)</u>
Total comprehensive income (expense) for the year		<u>6,233</u>	<u>(28,879)</u>

		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss) profit for the year attributable to:			
Owners of the Company		(2,059)	(20,199)
Non-controlling interests		<u>(891)</u>	<u>559</u>
		<u>(2,950)</u>	<u>(19,640)</u>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		7,124	(29,438)
Non-controlling interests		<u>(891)</u>	<u>559</u>
		<u>6,233</u>	<u>(28,879)</u>
Loss per share	<i>10</i>		
Basic and diluted (<i>RMB cent</i>)		<u>(0.03)</u>	<u>(0.37)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		2020	2019
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Plant and equipment		58,084	63,294
Right-of-use assets		94,476	108,317
Intangible assets		52,488	53,941
Goodwill		38,290	38,290
Financial assets at fair value through other comprehensive income		24,400	41,500
Financial asset at fair value through profit or loss		1,585	3,479
Interest in an associate		2,000	–
Loan receivables		–	5,000
Other receivables	<i>11</i>	3,096	–
Term deposit		–	5,000
		274,419	318,821
Current assets			
Trade and other receivables	<i>11</i>	22,464	15,936
Loan receivables		–	4,330
Financial asset at fair value through other comprehensive income		29,000	–
Term deposit		5,000	–
Bank balances and cash		115,805	103,628
		172,269	123,894
Current liabilities			
Contract liabilities		10,490	10,752
Trade and other payables	<i>12</i>	37,552	24,974
Amount due to a shareholder		57	57
Bank borrowing		3,000	–
Lease liabilities		14,511	10,806
Income tax payable		11,987	15,692
		77,597	62,281
Net current assets		94,672	61,613
Total assets less current liabilities		369,091	380,434

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Capital and reserves			
Share capital		50,135	50,135
Reserves		206,574	206,153
		<hr/>	<hr/>
Equity attributable to owners of the Company		256,709	256,288
Non-controlling interests		6,370	4,212
		<hr/>	<hr/>
Total equity		263,079	260,500
		<hr/>	<hr/>
Non-current liabilities			
Deferred tax liability		9,851	10,978
Lease liabilities		96,161	108,956
		<hr/>	<hr/>
		106,012	119,934
		<hr/>	<hr/>
		369,091	380,434
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. GENERAL

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 Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company is principally engaged in investment holding and securities trading. The principal activities of its principal subsidiaries are securities trading, 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 Amendments to References to the Conceptual Framework in HKFRSs and 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 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 HKFRSs and the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in 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	Insurance Contracts and related Amendments ⁵
Amendments to HKFRS 3	Reference to Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1 (<i>note</i>)	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 ⁵
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle ³

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2023.

The Directors anticipate that the application of the 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines		
Online training services	145,783	138,848
Certification services	16,750	10,076
On-site training services	12,019	8,263
Consultancy services	277	2,886
Financial services	8,196	4,867
	<u>183,025</u>	<u>164,940</u>

Disaggregation of revenue from contracts with customers by timing of recognition

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Timing of revenue recognition		
At a point of time	36,965	23,206
Over time	146,060	141,734
	<u>183,025</u>	<u>164,940</u>
Total revenue from contracts with customers	<u>183,025</u>	<u>164,940</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 and operating segments under HKFRS 8 are as follows:

1. Securities trading – trading of financial assets 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, certification service and on-site training services; and
3. Financial services – provision of insurance brokerage services and investments advisory 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 2020

	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	<u>–</u>	<u>174,829</u>	<u>8,196</u>	<u>183,025</u>
Segment profit (loss)	<u>–</u>	<u>28,326</u>	<u>(5,448)</u>	<u>22,878</u>
Unallocated other income, gains and losses				(1,208)
Unallocated corporate expenses				<u>(19,561)</u>
Profit before tax				<u><u>2,109</u></u>

For the year ended 31 December 2019

	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	<u>–</u>	<u>160,073</u>	<u>4,867</u>	<u>164,940</u>
Segment profit (loss)	<u>–</u>	<u>24,941</u>	<u>(19,346)</u>	<u>5,595</u>
Unallocated other income, gain and losses				786
Unallocated corporate expenses				<u>(16,014)</u>
Loss before tax				<u><u>(9,633)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, certain other income, gains and losses, 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 the purposes of resources allocation and performance assessment.

5. OTHER INCOME, GAINS AND LOSSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Compensation income (<i>Note a</i>)	2,156	–
Government grants (<i>Note b</i>)	1,020	–
Value-added tax refunded	967	452
Interest income from loan receivables	631	171
Bank interest income	452	579
Fair value loss on financial asset at FVTPL	(1,687)	–
Others	(52)	38
	<u>3,487</u>	<u>1,240</u>

Notes:

- (a) During the year ended 31 December 2020, the PRC Government has occupied part of the building of the Group for the epidemic prevention and paid compensation of approximately RMB2,156,000.
- (b) During the year ended 31 December 2020, the Group recognised government grants of approximately RMB1,020,000 in respect of COVID-19-related subsidies which related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund.

6. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest expense on lease liabilities	6,109	5,713
Interest expense on bank borrowing	<u>64</u>	<u>—</u>
	<u>6,173</u>	<u>5,713</u>

7. INCOME TAX EXPENSE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
PRC Enterprise Income Tax		
– current year	5,786	11,008
PRC withholding tax	400	—
Deferred tax	<u>(1,127)</u>	<u>(1,001)</u>
	<u>5,059</u>	<u>10,007</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 2020, two (2019: two) of the PRC subsidiaries of the Group were recognised as high new technology enterprises and entitled to a preferential tax rate of 15%.

Withholding tax was levied on dividends declared by the PRC subsidiaries of the Group at the treaty rate of 5%.

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2020 and 2019 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. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2020	2019
	RMB'000	<i>RMB'000</i>
Directors' and chief executive's emoluments	3,124	3,091
Other staff costs (excluding directors' and chief executive's emoluments)	35,431	51,129
Share-based payment expenses (excluding directors' and chief executive's emoluments)	120	482
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	2,925	3,253
Total staff costs	41,600	57,955
Auditor's remuneration	1,200	1,279
Share-based payment expenses granted to consultants (<i>note</i>)	–	74
Depreciation of plant and equipment	11,206	8,665
Depreciation of right-of-use assets	14,169	11,456
Amortisation of intangible assets (included in cost of services)	7,456	7,399
Research and development expenses	15,779	15,364
Gain on disposal of plant and equipment	–	(2)
Loss on disposal of a subsidiary	958	–
Write-off of plant and equipment	219	4,302

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

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2020, nor has any dividend been proposed since the end of the Reporting Period (2019: nil).

10. LOSS PER SHARE

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

Loss

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>2,059</u>	<u>20,199</u>

Number of shares

	2020 <i>'000</i>	2019 <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>5,390,493</u>

The computation of diluted loss per share for the year ended 31 December 2020 and 2019 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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	7,895	5,409
Less: impairment loss recognised	<u>(2,812)</u>	<u>(2,417)</u>
	<u>5,083</u>	<u>2,992</u>
Other receivables	12,304	2,930
Less: impairment loss recognised	<u>(1,491)</u>	<u>(97)</u>
	<u>10,813</u>	<u>2,833</u>
Prepayments	3,313	3,366
Deposits	3,239	3,422
Value added tax recoverables	<u>3,112</u>	<u>3,323</u>
	<u>25,560</u>	<u>15,936</u>
Analysed as		
Current	22,464	15,936
Non-current	<u>3,096</u>	<u>—</u>
	<u>25,560</u>	<u>15,936</u>

The Group does not hold any collateral over these receivables.

At as 31 December 2020, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB7,895,000 (2019: RMB5,409,000).

Trade receivables are due according to the terms on the relevant contracts as at 31 December 2020 and 2019. 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.

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	4,419	2,431
31 to 60 days	20	211
61 to 180 days	644	170
181 to 365 days	–	33
Over 365 days	–	147
	<u>5,083</u>	<u>2,992</u>

12. TRADE AND OTHER PAYABLES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	16,233	7,652
Other payables	10,200	6,026
Other tax payables	2,140	2,044
Accruals	8,979	9,252
	<u>37,552</u>	<u>24,974</u>

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	15,686	4,322
31 to 60 days	–	–
61 to 90 days	–	–
91 to 150 days	17	2,340
Over 365 days	530	990
	<u>16,233</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 timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the Reporting Period, the Group recorded a revenue of approximately RMB183,025,000 (2019: approximately RMB164,940,000), representing an increase of 11.0% as compared to the last corresponding period.

Out of the total revenue, approximately RMB174,829,000 (2019: approximately RMB160,073,000) was generated from educational consultancy and online training and education business, and approximately RMB8,196,000 (2019: approximately RMB4,867,000) 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 95.5% 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 future. The management is optimistic that the growth of the Group's educational consultancy and online training and education business in the future would be speed-up.

There was an increase the Group's revenue generated from the financial services business during the Reporting Period as the Group has finished business realignment in relation to the financial services business and launched three funds and started generating revenue during the Reporting Period. 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 RMB80,318,000 (2019: approximately RMB63,784,000), representing increase of approximately 25.9% as compared to the last corresponding period. The increase in cost of services was mainly due to the increase in co-operation fee, depreciation of plant and equipment and right-of-use assets and content delivery network expense.

Selling and marketing expenses for the Reporting Period was approximately RMB23,354,000 (2019: approximately RMB26,505,000), representing a decrease of approximately 11.9% as compared to the last corresponding period. The decrease in selling and marketing expenses was mainly due to the decrease in staff costs and advertising and promotion expense.

Administrative expenses for the Reporting Period was approximately RMB72,278,000 (2019: approximately RMB67,784,000), representing an increase of 6.6% as compared to the last corresponding period. The increase in administrative expenses was mainly due to the increase in depreciation charge of right-of-use assets and provision of court fee.

As a result of the above, there was a decrease in the loss attributable to owners of the Company to approximately RMB2,059,000 during the Reporting Period, compared to the loss attributable to owners of the Company of approximately RMB20,199,000 for 2019. The basic loss per share for the Reporting Period was approximately RMB0.03 cent compared to a basic loss per share of approximately RMB0.37 cent for 2019.

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 31 December 2020, the Group has four 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 1 January 2020	Addition	Fair value change	Exchange realignment	Measured at fair value as at 31 December 2020
	Notes	Number of shares held	Investment cost (RMB'000)	Percentage of interest held	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Investment A	(a) (f)	N/A	38,000	19.8%	17,500	–	4,500	–	22,000
Investment B	(b) (f)	N/A	25,000	2.5%	23,000	–	6,000	–	29,000
Investment C	(c) (f)	N/A	2,000	4%	1,000	–	(1,000)	–	–
Investment D	(d)	N/A	2,400	19.4%	–	2,400	–	–	2,400
Investment E	(e)	50,000	3,243	12.35%	3,479	–	(1,687)	(207)	1,585
Total:			<u>70,643</u>		<u>44,979</u>	<u>2,400</u>	<u>7,813</u>	<u>(207)</u>	<u>54,985</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 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 profit-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.
- (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 北京創聯恒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 31 December 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 31 December 2020 were referenced to the respective reports from the manager of Flyover. 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 31 December 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 31 December 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.

Saved as disclosed herein, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2020.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flows, the bank balances and proceeds from placing of new shares.

As at 31 December 2020, the Group had bank balances and cash of approximately RMB115,805,000 as compared to the bank balances and cash of approximately RMB103,628,000 as at 31 December 2019.

The Group’s net current assets totalled approximately RMB94,672,000 as at 31 December 2020, against approximately RMB61,613,000 as at 31 December 2019. The Group’s current ratio was approximately 2.22 as at 31 December 2020 as compared with 1.99 as at 31 December 2019.

Gearing Ratio

The gearing ratio of the Group (measured as total liabilities to total assets) was approximately 41.1% as at 31 December 2020 (2019: 41.2%).

Capital Structure

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

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, placees 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 net proceeds have been fully utilized for general working capital and for business development and investment of the Group.

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 31 December 2020 (Approximate)	Unutilised net proceeds from Placing as at 31 December 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;	–

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 2020, 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 2020, the Group had no contingent liabilities (2019: Nil).

Charges on Group Assets

As at 31 December 2020, the Group did not have any charges on its assets (2019: Nil).

Capital Commitment

As at 31 December 2020, the Group had outstanding capital commitment in respect of capital contribution of interest in an associate of RMB8,000,000 (2019: Nil).

Event after the Reporting Period

Subsequent to the end of the reporting period, a wholly-owned subsidiary of the Company entered into a transfer agreement with an independent third party to sell one of the financial assets at FVTOCI at an estimated consideration of not more than RMB32,700,000. Details of the transaction were set out in the announcement dated 22 March 2021.

Employee Information and Remuneration Policy

As at 31 December 2020, the Group had 327 employees (2019: 315 employees) in Hong Kong and the PRC and the total staff costs (including all Directors' remuneration and fees) are approximately RMB41,600,000 for the year ended 31 December 2020 (2019: approximately RMB57,955,000).

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 has adopted share option schemes (the “**Share Option Schemes**”). As at 31 December 2020, there were 51,000,000 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.

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 2020.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2020.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2020, 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

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) as the code of conduct regarding securities transactions by its Directors and other relevant employees on terms no less exacting than the required standards in the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, each of the Directors confirmed that they have complied with the required standards in the Model Code throughout the year ended 31 December 2020.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) currently consists of all three independent non-executive Directors, namely, Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping. The Audit Committee has reviewed the accounting principles and practices adopted by the Group; discussed auditing, risk management, internal control systems and financial reporting matters; and reviewed the Group’s audited consolidated financial statements and annual results for the year ended 31 December 2020.

DISCLOSURE OF INFORMATION ON DIRECTOR

Pursuant to rule 13.51B(1) of the Listing Rules, the change of information on the Director is as follows:

The term of Mr. Lu Xing as an executive Director has been renewed for the period from 11 December 2020 to 10 December 2023.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**AGM**”) will be held on 11 June 2021 and the notice thereof will be published and despatched to shareholders of the Company (the “**Shareholders**”) in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 June 2021 to Friday, 11 June 2021, both days inclusive, during which period no transfers of shares shall be registered. The holder of shares whose name appears on the register of members of the Company on Friday, 11 June 2021 will be entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Boardroom Share Registrar (HK) Limited, Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 4 June 2021.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.chinahrt.com. The Annual Report 2020 of the Company will also be published on the aforesaid websites in due course.

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

Hong Kong, 26 March 2021

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*