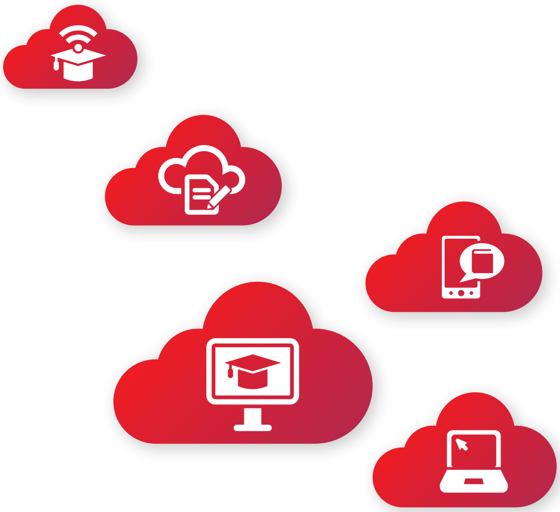
创联教育

China Chuanglian Education Group Limited

中國創聯教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2371



ANNUAL REPORT 2014

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CORPORATE INFORMATION

Executive Directors

Mr. LU Xing
(Chairman of the Board)
Mr. LI Jia
Mr. LIU Zhong Hua
Mr. WU Xiaodong (appointed on 1 April 2015)

Independent Non-executive Directors

Mr. LEUNG Siu Kee
Mr. HAN Bing
Ms. WANG Shuping

Company Secretary

Mr. TING Pong Ming

Audit Committee

Mr. LEUNG Siu Kee
(Chairman of the Audit Committee)
Mr. HAN Bing
Ms. WANG Shuping

Remuneration Committee

Ms. WANG Shuping
(Chairman of the Remuneration Committee)
Mr. LEUNG Siu Kee
Mr. HAN Bing

Nomination Committee

Mr. HAN Bing
(Chairman of the Nomination Committee)
Mr. LEUNG Siu Kee
Ms. WANG Shuping

Authorised Representatives

Mr. LI Jia
Mr. TING Pong Ming

Auditor

SHINEWING (HK) CPA Limited

Principal Bankers

Citibank, N.A.

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Rooms 905-6,
9th Floor, Massmutual Tower
38 Gloucester Road
Wanchai, Hong Kong

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
A18/F., Asia Orient Tower
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

Website

www.chinahrt.com

Stock Code

2371

FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years:

Results

	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	**76,906**	98,350	22,748	58,169	30,970
Gross profit/(loss)	**52,705**	73,004	(644,489)	(43,655)	(33,766)
Profit/(loss) for the year	**23,935**	10,383	(702,236)	(146,841)	(105,290)
Profit/(loss) for the year attributable to:					
Owners of the Company	**24,233**	7,712	(701,309)	(145,840)	(105,150)
Non-controlling interests	**(298)**	2,671	(927)	(1,001)	(140)
	23,935	10,383	(702,236)	(146,841)	(105,290)
Basic earnings/(loss) per share (RMB cent(s))	**0.58**	0.33	(35.34)	(8.30)	(8.50)

Assets and Liabilities

	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**487,710**	498,528	30,572	684,787	674,587
Current assets	**163,465**	133,329	62,599	66,850	110,075
Current liabilities	**(59,625)**	(70,110)	(59,174)	(40,316)	(25,601)
Net current assets	**103,840**	63,219	3,425	26,534	84,474
Non-current liabilities	**(24,863)**	(26,655)	(43,519)	(37,703)	(73,129)
Non-controlling interests	**(2,241)**	(2,539)	132	(795)	(816)
Equity	**564,446**	532,553	(9,390)	672,823	685,116

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of China Chuanglian Education Group Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

Results

The Group's audited profit attributable to equity holders of the Company for the year ended 31 December 2014 was approximately RMB24,233,000, an increase of 214% compared with the results for the previous year. Basic earnings per share for the year ended 31 December 2014 were RMB0.58 cent.

Business Review

In 2014, with the popularity of the Internet, online education model was gradually recognised by users in the PRC. An increasing number of traditional educational institutions and internet corporations take part in the field of online education and undertake internal and external investment enthusiastically in the value chains of different learning areas. Such business model has been evolving. Significant progress has been made and a clearer business path has been found. Still at the stage of beginning, the business model and its market competition trend are yet to be mature, therefore, such market has a higher development potential.

As one of the pioneers of online education in the PRC, the online education services focus mainly on providing on-the-job training to civil servants of various government bodies of mainland China government and professional technical personnel of corporate units, providing them with education and training relating to job adaptation and skill enhancement. According to the PRC law and the requirements of relevant provisions, civil servants have to undertake graded all-round training and have to attend stipulated courses. Professional technical personnel must also guarantee to attend continuing education for a certain time each year. The above personnel obtain learning outcomes recognised by the Ministry of Human Resources and Social Security by attending public and professional courses to satisfy their job requirements and professional development needs.

We are committed to provide on-the-job training for civil servants and continuing education for professional and technical personnel, and strive to become their life-long, comprehensive online learning partners.

In 2014, our high-fee cooperation training projects in the past fell short of expectation due to a series of clean and economical policies rolled out by the central government for governmental institutions and medium and large state-owned enterprises, which forced us to focus on online education services related to the continuous education of civil servants and professional technical personnel and kept the overall revenue and profit from educational consultancy and online training at a historical high level despite of the changing and intensively competitive market. In 2014, we relied on our self-developed core network service management platform to link up internet learning service, training management and educational resource trading together, and support large-scale online learning at the same time, providing civil servants and professional technical personnel from 9 provinces, 16 cities and 6 national ministries with up to 69 different categories of online education services. Students who paid for their training amounted to over 3.3 million people.

Long-term Policies

Our excellent results support the continuing innovations of the Company and provide the fundamental strategy for high quality services.

CHAIRMAN'S STATEMENT

Looking forward to the future, in terms of business resources development, with the strong revenue growth and the inherent scalability of the existing business model, we will further expand the vertical market by raising the number of registered students and creating new courses, in order to achieve greater service scale, improve profitability and enhance shareholders' value.

In terms of quality and innovation enhancement of the core platform, we entered into a strategic cooperation agreement with Xinhuanet at the end of 2014, relying on the technical strength of Xinhuanet on big data processing and mobile applications, to jointly develop human resources index systems. Through big data processing, we further understand the learning needs of our students, improve our mobile learning management platform, speed up mobilization of our services, so as to provide our students with innovative product experience and more convenient, more comprehensive and more thorough learning services and to realise the long-term development from Business-to-Business mode to Business-to-Customer mode.

In terms of the enrichment of our product content, we uphold the "open, win-win" concept, endeavor to cooperate with outstanding teams, with a view to providing our students with courses related to professional development skills, interest courses and other areas of courses, making our core learning services platform a life-long, comprehensive online learning system, to provide better services for our future larger-scale students and satisfy their life-long learning needs.

Future Plans

In 2015, we will make good use of the policies of the PRC government for online vocational education and continuing education, based on the technological innovation of our core business, quality enhancement and brand impact, focus on the following three aspects:

1) Further promote our online training and education services to the personnel of Ministry of Human Resources and Social Security of the PRC;

2) Through providing technical support and services for "China Association for Continuing Engineering Network" and its "National Continuing Education Public Services Platform", "National Professional Technical Personnel Knowledge Renovation" website and its "National Professional Technical Personnel Data Management Platform, we enhance our business influence and brand quality, in order to consolidate the leading position in the field of on-the job continuing education and online services, and will endeavor to make use of our platform to accelerate the growth of our user base, with a view to better serving a larger scale of professional technical personnel and satisfying their continuing learning needs.

3) Since 2014, we have cooperated with China Electronic Commerce Association of the Ministry of Industry and Information Technology as well as the National Occupational Capability Evaluation Centre of the National Development and Reform Commission and jointly launched the "National e-business applications employing online learning platform", to train a group of managers and employees in the e-business field, solve the employment and business start-up problems of university graduates, and promote the rapid development of e-commerce. On 10 March 2015, we signed the "National Rural Grassroots Cadres (Village) E-business Training Cooperation Agreement" with China E-business Association of the Ministry of Industry and Information Technology, aligning with the State Council Document No. 1 which addresses the "three rural issues", aiming at carry out the development of e-business training for national rural grassroots cadres and promoting "production, supply, sale"of agricultural supplements.

CHAIRMAN'S STATEMENT

Regarding the development of the new business group resources, there are 2 directions:

1. The current-term central government issued the "State Council on accelerating the development of pension service industry", which stated that until 2020, the national pension organizations, home care and nursing services would provide more than 10 million job vacancies. "Community-based social pension services system construction plan (2011-2015)" proposed to strengthen professional education and training for pension service, promoting professional qualification examinations and certification for pension service nurses. We entered into a strategic cooperation agreement with the authority responsible for the training of pension service personnel in the PRC, and strived to better meet the learning desire of the relevant professional groups through our comprehensive online/mobile e-learning platform, so as to create an pension service e-commerce platform.

2. At the end of 2014 and in early 2015, we entered into strategic cooperation agreements with The Group and Research Center for Professional Managers which is under the State-owned Assets Supervision and Administration ("SASAC") of the State Council of the PRC, New Oriental Xuncheng Network Technology Co. Ltd, Study & Sun International Education Group and many other institutions. We will strive to deepen relationships with these strategic business partners in 2015. With their respective advantages in areas such as high quality training for professional managers, building construction professional qualifications and professional English, we will make the products of strategic partners available to our students through the support of our core network services platform

In 2015, we will continue to invest heavily in several long-term projects we consider as strategic, including:

1) to purchase content and improve user experience for online education services;

2) to promote online/mobile online educational services promotion from PC, mobile terminals to home TV terminal, provide our student users with cross-platform facing their families, and education system with multi-screen linkage;

3) to set up branch offices in those provinces in mainland China with well-developed cooperation foundation and brand influence, cooperating with local or cross-boarder professional institutions, enhancing the education level of professionals and satisfying offline education and training service needs.

CHAIRMAN'S STATEMENT

Appreciation

On behalf of the Board, I would like to express my sincerest appreciation to our employees for their hardwork, valuable dedication and contributions, which are fundamental for the Group's success and future development. I would also like to extend my heartfelt gratitude to our shareholders and stakeholders for their continued trust, support and steadfast confidence in us. Looking ahead, we will continue to optimize its business development, so as to maintain sustainable and continuous growth over the long run and maximize the return to shareholders.

Lu Xing
Chairman

Hong Kong, 31 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 December 2014, the Group recorded a turnover of approximately RMB76,906,000 (2013: approximately RMB98,350,000), representing a decrease of 21.8% as compared to that of last year. Of these, turnover derived from advertising media income and consultancy service income, TV programmes distribution services income and educational consultancy and online training were approximately nil, RMB7,378,000 and RMB69,528,000 respectively (2013: approximately RMB437,000, RMB30,690,000 and RMB67,223,000 respectively).

Administrative expenses for the year ended 31 December 2014 was approximately RMB34,609,000 (2013: approximately RMB35,204,000), representing a slight decrease of 1.7% as compared to that of last year. Selling and marketing expenses for the year ended 31 December 2014 was approximately RMB11,399,000 (2013: approximately RMB3,936,000), representing a significant increase of 190% as compared to that of last year.

The profit for the year attributable to owners of the Company aggregated at approximately RMB24,233,000 (2013: approximately RMB7,712,000). The basic earnings per share for the year ended 31 December 2014 was RMB0.58 cent (2013: RMB0.33 cent).

Business Review

During the year under review, the Group was principally engaged in the provision of the online training and education services.

As one of the pioneers of online education in the PRC, the online education services focus mainly on providing on-the-job training to civil servants of various government bodies of mainland China and professional technical personnel of corporate units, providing them with education and training relating to job adaptation and skill enhancement. According to the PRC law and the requirements of relevant provisions, civil servants have to undertake graded all-round training and have to attend stipulated courses. Professional technical personnel must also guarantee to attend continuing education for a certain time each year. The above personnel obtain learning outcomes recognised by the Ministry of Human Resources and Social Security by attending public and professional courses to satisfy their job requirements and professional development needs.

We are committed to provide on-the-job training for civil servants and continuing education for professional and technical personnel, and strive to become their life-long, comprehensive online learning partners.

In 2014, our revenue and profit from educational consultancy and online training recorded steady growth despite the fast-changing and competitive market environment, which has consolidated our leading position in the market of professional online education services. In 2014, we relied on our self-developed core network service management platform to link up internet learning service, training management and educational resource trading together, and support large-scale online learning at the same time, providing civil servants and professional technical personnel from 6 provinces, 16 cities and 9 national ministries with up to 69 different categories of online education services. Students who paid for their training amounted to over 3.3 million people.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Outlook

In 2015, we will make good use of the policies of the PRC government for online vocational education and continuing education, based on the technological innovation of our core business, quality enhancement and brand impact, to focus on the following three aspects:

1) Further promote our online training and education services to the personnel of Ministry of Human Resources and Social Security of the PRC;

2) Through providing technical support and services for "China Association for Continuing Engineering Network" and its "National Continuing Education Public Services Platform", "National Professional Technical Personnel Knowledge Renovation" website and its "National Professional Technical Personnel Data Management Platform", we will enhance our business influence and brand quality, in order to consolidate the leading position in the field of on-the-job continuing education and online services, and will endeavor to make use of our platform to accelerate the growth of our user base, with a view to better serve a larger scale of professional technical personnel and satisfying their continuing learning needs.

3) Since 2014, we have cooperated with China Electronic Commerce Association of the Ministry of Industry and Information Technology as well as the National Occupational Capability Evaluation Centre of the National Development and Reform Commission and jointly launched the "National e-business applications employing online learning platform", to train a group of managers and employees in the e-business field, solve the employment and business start-up problems of university graduates, and promote the rapid development of e-commerce. On 10 March 2015, we signed the "National Rural Grassroots Cadres (Village) E-business Training Cooperation Agreement" with China E-business Association of the Ministry of Industry and Information Technology, aligning with the State Council Document No. 1 which addresses the "three rural issues", aiming at carry out the development of e-business training for national rural grassroots cadres and promoting "production, supply, sale" of agricultural supplements.

Regarding the development of the new business group resources, there are 2 directions:

1. The current-term central government issued the "State Council on accelerating the development of pension service industry", which stated that until 2020, the national pension organizations, home care and nursing services would provide more than 10 million job vacancies. "Community-based social pension services system construction plan (2011– 2015)" proposed to strengthen professional education and training for pension service, promoting professional qualification examinations and certification for pension service nurses. We entered into a strategic cooperation agreement with the authority responsible for the training of pension service personnel in the PRC, and strived to better meet the learning desire of the relevant professional groups through our comprehensive online/mobile e-learning platform, so as to create an pension service e-commerce platform.

MANAGEMENT DISCUSSION AND ANALYSIS

2. At the end of 2014 and in early 2015, we entered into strategic cooperation agreements with The Group and Research Center for Professional Managers which is under the State-owned Assets Supervision and Administration ("SASAC") of the State Council of the PRC, New Oriental Xuncheng Network Technology Co. Ltd, Study & Sun International Education Group and many other institutions. We will strive to deepen relationships with these strategic business partners in 2015. With their respective advantages in areas such as high quality training for professional managers, building construction professional qualifications and professional English, we will make the products of strategic partners available to our students through the support of our core network services platform.

In 2015, we will continue to invest heavily in several long-term projects that we consider as strategic and these projects include:–

1) to purchase content and improve user experience for online education services;

2) to promote online/mobile online educational services promotion from PC, mobile terminals to home TV terminal, provide our student users with cross-platform facing their families and education system with multi-screen linkage;

3) to set up branch offices in those provinces in mainland China with well-developed cooperation foundation and brand influence, cooperating with local or cross boarder professional institutions, enhancing the education level of professionals and satisfying offline education and training service needs.

Liquidity and Financial Resources

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

As at 31 December 2014, the Group had bank balances and cash of approximately RMB83,361,000 as compared to the bank balances and cash of approximately RMB50,917,000 as at 31 December 2013.

The Group's net current assets totalled approximately RMB103,840,000 as at 31 December 2014, against approximately RMB63,219,000 as at 31 December 2013. The Group's current ratio was approximately 2.74 as at 31 December 2014 as compared with 1.90 as at 31 December 2013.

Gearing Ratio

The gearing ratio of the Group (measured as total liabilities to total assets) was approximately 13% as at 31 December 2014 (2013: 15.3%).

Capital Structure

As at 31 December 2014, the Company's issued share capital was approximately HK$41,690,000 (2013: approximately HK$236,902,000) and the number of its issued ordinary shares was 4,169,023,000 shares of HK$0.01 each.

The Court of Cayman has approved the proposal of the Capital Reorganisation, pursuant to which (i) the par value of each of the issued Existing Shares will be reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 per issued Existing Share; and (ii) each unissued Existing Share in the authorised share capital of the Company shall be subdivided into 10 New Shares of HK$0.01 each such that the Company shall have an authorised share capital of HK$1,200,000,000 divided into 100,000,000,000 New Shares of a nominal value of HK$0.01 each and 2,000,000,000 Preferred Shares of a nominal value of HK$0.10 each.

Details regarding the approval have been set out in the announcement dated 18 June 2014 published by the Group.

Material Transaction

Connected Transaction in relation to the Provision of Loan

On 16 May 2014, 北京創聯中人技術服務有限公司 (Beijing Chuanglian Zhongren Technical Service Company Limited*, the "Lender" or "Beijing Chuanglian Zhongren") entered into a loan agreement with 北京創聯教育投資有限公司 (Beijing Chuanglian Education Investment Company Limited*, the "Borrower" or "Beijing Chuanglian Education"), pursuant to which the Lender agreed to grant to the Borrower a loan in the principal amount of RMB7,000,000 (equivalent to approximately HK$8,710,100 at exchange rate of RMB1:HK$1.2443), with a term of one year (the "Loan").

The Borrower, is a variable interest entity whose entire beneficial interests are held by the Mr. Lu Xing (the "Guarantor"). References are made to (i) the Company's circular dated 28 June 2013; (ii) the Company's announcements dated 9 September 2012, 24 July 2013, 8 August 2013 and 5 May 2014, regarding, among other matters, a major transaction of the Company in relation to the acquisition of the entire issued share capital of Housden Holdings Limited involving issue of preferred shares of the Company. As the Guarantor would become a substantial shareholder of the Company, each of the Guarantor and the Borrower will become a connected person of the Company under the Listing Rules and the Loan constitutes a connected transaction accordingly.

As each of the applicable percentage ratios in respect of the transaction contemplated under the Loan Agreement exceed 0.1% but are less than 5% and the principal amount is less than HK$10 million, such transaction is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Loan have been set out in the announcement dated 16 May 2014 published by the Company.

* *for identification purpose only*

Continuing Connected Transactions in relation to the Exceeded Approved Annual Cap and Revision of Annual Caps

On 25 March 2011, Beijing Chuanglian Zhongren and Beijing Chuanglian Education entered into the exclusive consultancy and services agreement (the "Consultancy and Services Agreement") pursuant to which, among others, Beijing Chuanglian Education engages Beijing Chuanglian Zhongren on an exclusive basis to provide consultation and related services. Pursuant to the Consultancy and Services Agreement, Beijing Chuanglian Education engages Beijing Chuanglian Zhongren on an exclusive basis to provide consultation and related services to Beijing Chuanglian Education for a term of 20 years. Pursuant to the stipulations on consultancy and service fee in the Consultancy and Services Agreement, Beijing Chuanglian Education will have to transfer 90% of business revenue of Beijing Chuanglian Education to Beijing Chuanglian Zhongren. The Consultancy and Services Agreement also stipulates that 90% of the business revenue of Beijing Chuanglian Education shall be paid as consultancy and service fee. As Beijing Chuanglian Education is wholly owned by Mr. Lu Xing, an executive Director and a substantial shareholder of the Company, Beijing Chuanglian Education is an associate of Mr. Lu Xing and therefore a connected person of the Company under chapter 14A of the Listing Rules. Accordingly, the transactions under the Consultancy and Services Agreement constitute continuing connected transactions of the Company under chapter 14A of the Listing Rules.

The transaction amount in respect of the continuing connected transactions under the Consultancy and Services Agreement (the "Continuing Connected Transactions") for the year ended 31 December 2014 (the "2014 Transaction Amount"), amounted to approximately RMB10,539,000 (equivalent to approximately HK$13,055,000) exceeded the approved annual cap in respect of the Continuing Connected Transactions (the "Approved Annual Cap") for the year ended 31 December 2014 (the "2014 Approved Annual Cap"), amounted to RMB1,460,000 (equivalent to approximately HK$1,810,000), contrary to Rule 14A.54 of the Listing Rules. In addition, the Board expects that the approved annual cap in respect of the Continuing Connected Transactions for the year ending 31 December 2015 (the "2015 Approved Annual Cap") of RMB2,300,000 (equivalent to approximately HK$2,852,000) for the year ending 31 December 2015 will be exceeded. Accordingly, the Board proposes to revise and approve the annual caps in respect of the Continuing Connected Transactions for the three years ending 31 December 2017 (the "Proposed Annual Caps") at the extraordinary general meeting of the Company (the "EGM"). Given that the 2014 Transaction Amount exceeded the 2014 Approved Annual Cap, the Continuing Connected Transactions for the year ended 31 December 2014 are subject to the ratification of the Independent Shareholders at the EGM.

As restricted by the PRC laws and regulations in relation to the telecommunication industry (including the provision of online training and education related content on websites) in the PRC, Beijing Chuanglian Zhongren is ineligible to apply for the ICP License which is a prerequisite for the operation of online training and education platforms in the PRC. As disclosed in the Company's circular dated 28 June 2013, because of such constraint, Beijing Chuanglian Zhongren has entered into the Consultancy and Services Agreement as well as other agreements to obtain the right and ability to control and the economic benefits of Beijing Chuanglian Education, a domestic enterprise principally engaged in investment management and provision of investment-related, technical or educational consultancy services and holding the ICP License. As Beijing Chuanglian Education incurs certain costs in payment of taxes and business operation, assuming that the Consultancy and Services Agreement stipulated that 100% of revenue was payable to Beijing Chuanglian Zhongren as consultancy and service fee, Beijing Chuanglian Education would have no revenue to cover its daily operating costs and therefore could not proceed with its normal operation. In this regard, the Consultancy and Services Agreement stipulates that 90% of the business revenue of Beijing Chuanglian Education shall be paid as consultancy and service fee. Accordingly, the Directors considered that the Continuing Connected Transactions and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and Shareholders as a whole.

The caps and actual fees paid or payable in respect of the transactions contemplated under the Consultancy and Services Agreement for the year ended 31 December 2014 are set out below:

		Actual amount RMB'000	Annual Cap RMB'000
1.	Service fee payable to Beijing Chuanglian Zhongren by Beijing Chuanglian Education[1] pursuant to the Consultancy and Services Agreement[2]	10,539	1,460
2.	Service fee payable to Beijing Chuanglian Zhongren by 北京中人光華教育科技有限公司 (Beijing Zhongren Guanghua Education Technology Company Limited*) ("Beijing Zhongren Guanghua")[1] pursuant to the Services Framework Agreement	41,785	118,892

* Denoted an English translation of a Chinese name for identification purposes only

1. Mr. Lu Xing, the substantial shareholder of the Company, is holding 100% interest in Beijing Chuanglian Education and 51% interest in Beijing Zhongren Guanghua.

2. The actual transaction amount had exceeded the annual cap as set by the Company.

3. Beijing Chuanglian Zhongren, Beijing Chuanglian Education and Beijing Zhongren Guanghua are the subsidiaries of the Group which the transactions mentioned above are eliminated in the consolidated financial statements in accordance with Hong Kong Financial Reporting Standard 10.

The independent non-executive Directors have reviewed the Continuing Connected Transactions above, and confirmed that the 2014 Transactions Amount, the Continuing Connected Transactions for the year ended 31 December 2014 and the Proposed Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and Shareholders as a whole.

In view of Mr. Lu Xing's equity interest in Beijing Chuanglian Education, Mr. Lu Xing is deemed to have a material interest in the Continuing Connected Transactions and abstained from voting at the Board meeting approving the same. Apart from Mr. Lu Xing, no other Directors are required to abstain from voting at the Board approving the Continuing Connected Transactions.

The auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with the applicable accounting standards. The auditor has issued his letter containing his findings and conclusions in respect of the continuing connected transactions in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Details of the Continuing Connected Transactions have been set out in the announcements and circulars of the Company dated 9 September 2012, 28 June 2013, 30 March 2015 and 23 April 2015. A circular containing, among other matters, (i) further details of the Continuing Connected Transactions for the year ended 31 December 2014; (ii) details of the Proposed Annual Caps; (iii) recommendation and advice from the independent board committee and independent financial adviser of the Company and (iv) a notice of EGM, is expected to be despatched to the Shareholders in due course.

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 2014, the Group did not have any bank liabilities, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

Charges on Group Assets

As at 31 December 2014, the Group did not have any charges on its assets (2013: Nil).

Contingent Liabilities

On 12 June 2010, an indirectly-owned subsidiary of the Company, ChuangZhi LiDe (Beijing) Technology Development Limited*（創智利德（北京）科技發展有限公司 or "ChuangZhi LiDe"）has been brought to the first court hearing at 河北省廊坊經濟技術開發區人民法院 by 日本赤見電機株式會社 ("Japan Chijian"). Japan Chijian has brought a claim for alleged breach of contractual undertakings in relation to the construction of a LED display panel located in the PRC for an amount of approximately RMB12,378,000.

A hearing was held on 4 July 2012 at 河北省石家莊中級人民法院 (the "Court"). No decision had been concluded during the hearing, however, based on principal of equitable liability, the Court has revealed an arbitration of claim of RMB7,500,000 to be paid by the Group for the ownership of the LED display panel. On 12 December 2012, another hearing was brought but no decision has been recognised and concluded.

With reference to a legal opinion obtained from the PRC legal advisor, likelihood of an unfavorable outcome is probable and the amount of the loss of RMB7,500,000 can be reasonably estimated. As a result, provision of RMB7,500,000 in respect of such claim was made and included in other payables in the consolidated financial statements.

On 13 December 2013, a decision has been concluded by the Court which the indirectly-owned subsidiary of the Company is ordered to pay approximately RMB10,593,000 plus the accrued interest with reference to the loan interest rate determined by the People's Bank of China as from 16 April 2008 until payment thereon to Japan Chijian and borne the related court expenses of approximately RMB129,000. However, an appeal was applied by the Group on 30 December 2013.

As advised by Chuangzhi LiDe on 9 April 2014, High Court of Hebei province*（河北省高級人民法院）(the "High Court") promulgated the final decision, which the judgment issued by the Intermediate Court has been upheld. Accordingly, ChuangZhi LiDe has to pay an amount of approximately RMB10,342,000 plus the accrued interest with reference to the loan interest rate determined by the People's Bank of China as from 16 April 2008 until payment thereon to Japan Chijian and borne the related court expenses of approximately RMB206,000.

* *for identification purpose only*

The total provision for the litigation claims in the consolidated financial statement of the Group as at 31 December 2013 was approximately RMB10,722,000 and the Board considered that the amount is adequate and no further provision is required. After due and careful consideration, the Board resolved not to lodge further appeal against the High Court ruling. It is in the interest of the Company and the shareholders of the Company as a whole and has no material adverse impact on the existing business of the Group.

Details regarding the above-mentioned legal proceedings have been set out in the announcement dated 22 April 2014 published by the Company.

Save as disclosed herein, as at 31 December 2014, the Group did not have any material contingent liabilities.

Capital Commitment

As at 31 December 2014, the Group had outstanding capital commitment in respect of the investment of 35% of the issued share capital of an associate Guangxi Beibu Gulf Guolian Jichuang Education Investment Company Limited*（廣西北部灣國聯集創教育投資有限公司）, of approximately RMB1,050,000 (2013: Nil).

Employee Information and Remuneration Policy

As at 31 December 2014, the Group has 115 employees (2013: 122 employees) in Hong Kong and the PRC. The total staff cost is approximately RMB18,296,000 for the year ended 31 December 2014 (2013: approximately RMB12,639,000).

We offer competitive remuneration package, including medical and retirement benefits, to eligible employees. Apart from basic salary, employees are eligible to receive a discretionary bonus taking into accounts factors such as market conditions as well as corporate and individual's performance during the year.

In order to attract, retain and motivate eligible employees, including the directors of the Company, the Company has adopted a share option scheme. The scheme enables eligible persons to obtain an ownership interest in the Company and thus motivates them to optimise their continuing contributions to the Group. As at 31 December 2014, there are 36,400,000 share options remained outstanding.

We are confident that our employees will continue to provide a firm foundation for the success of the Group and will maintain high standard of service to our clients.

* *for identification purpose only*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LU Xing ("Mr. Lu"), aged 47, is an executive Director and chairman of the Board. Mr. Lu holds a bachelor degree. He worked in the PRC banking system for many years and accumulated extensive experience in financial management, project financing, risk assessment and control. Mr. Lu Xing was an executive director of V1 Group Limited (a company listed on the main board of Stock Exchange, stock code: 00082) and China Public Procurement Limited (a company listed on the main board of Stock Exchange, stock code: 01094) respectively and held various positions including Chief Operating Officer and Chief Financial Officer during his tenure as executive director. He has gained ample expertise, resources and networking in strategic planning, overall operation and financial management relating to Internet and media corporates, and has unique in-depth insights, all-rounded strategic vision and sophisticated operation capability for successfully transforming operation of traditional industries into Internet business mode. Since the establishment of Chuanglian Education, Mr. Lu has been committed to transforming traditional teaching patterns into online education mode. So far Online Chuanglian Education has become the largest vocational education training platform in the PRC.

Mr. LI Jia ("Mr. Li"), aged 47, is an executive Director. Mr. Li Jia has 14 years of experience in media operation and advertising business in the People's Republic of China. He graduated from Capital Medical University with a bachelor degree. From 2009 to 2010, he held the position of deputy general manager at Beijing CRI Glory Advertising Co., Ltd. (北京國廣光榮廣告有限公司) where he was responsible for media promotion and advertising sales for the domestic channels of China Radio International (CRI). From 2006 to 2009, he worked at Beijing ChinaIP. TV Advertising Co., Ltd. (北京寬視神州廣告有限公司) as executive deputy general manager and Asia Media Group (a company listed on the Tokyo Stock Exchange of Japan) as director of the business development department respectively. From 2004 to 2006, Mr. Li Jia was the deputy general manager of Beijing Yunhong Advertising Co., Ltd. (北京韵洪廣告有限公司), a wholly-owned subsidiary of Hunan TV & Broadcasting Intermediary Co., Ltd. (TIK) and the media director and deputy general manager of Beijing Ai'erbeisi Broadcasting & Advertising Co., Ltd. (北京愛耳貝思廣播廣告有限公司) respectively.

Mr. LIU Zhong Hua ("Mr. Liu"), aged 38, is an executive Director. Mr. Liu is currently the chief technology officer of the Company. Mr. Liu obtained his bachelor degree at School of Electronics Engineering and Computer Science, Peking University (北京大學信息科學技術學院). He has over 15 years work experience in Information Technology and Internet industry and 10 years technology management experience. Mr. Liu has worked for several well-known domestic software enterprises including Founder, Chinese higher education Academic Resources Network, DHC Software Co. Ltd. Mr. Liu held various positions in his past work experience including project manager, technical director and vice general manager. He owns extensive experience in distributed computing, cloud computing, search engine, content management system as well as online education technology. In addition, Mr. Liu led the R&D project of the cloud platform which can support multi-million users study online at the same time.

Mr. WU Xiaodong ("Mr. Wu"), aged 47, is an executive Director appointed on 1 April 2015. Mr. Wu obtained his Master Degree in Accounting from Capital University of Economics and Business and has more than 18 years experiences in auditing, accounting and finance. He is a member of the Chinese Institute of Certified Public Accountants and had previously been the chief financial officer of Sound Environmental Resources Co., Ltd., a company listed on Shenzhen Stock Exchange. During 2009 to 2012, he was the executive director and chief financial officer of China Public Procurement Limited, a company listed on the Stock Exchange. From 2013 to March 2015, he served as the chief financial officer of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. LEUNG Siu Kee ("Mr. Leung"), aged 38, is an independent non-executive Director. Mr. Leung is also the chairman of the audit committee of the Company and a member of the remuneration committee and nomination committee of the Company. Mr. Leung obtained his bachelor degree of Business Administration majoring in Accounting at the Hong Kong University of Science and Technology with first honour. He has extensive accounting knowledge as he had worked in two international accounting firms for more than 8 years, mainly to provide auditing and business assurance services. Afterwards, Mr. Leung has devoted to develop his career in corporate finance and corporate restructuring businesses. Currently, Mr. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants and has been qualified for practice.

Mr. HAN Bing ("Mr. Han"), aged 54, is an independent non-executive Director. Mr. Han is also the chairman of the nomination committee of the Company and a member of the audit committee and remuneration committee of the Company. Mr. Han is a director of Beijing H&J Law Firm, a post-graduate of Chinese Academy of Social Sciences majoring in Commercial Economics and a part-time PhD candidate of China University of Political Science and Law in Procedural Law. Mr. Han is also an International Certified Finance Manager (focusing on financial strategy). Mr. Han has long been involved in legal practices and accumulated abundant practical experiences in law. Mr. Han worked in People's Procuratorate of Haidian District, Beijing from 1980 to 1987. He has been a full-time practicing lawyer since 1987. He joined Beijing Economy Law Firm (北京市經濟律師事務所) as Director for Department of Legal Affairs on Finance and Investment (金融投資法律事務部) since 1992. In 1999, he initiated the establishment of Beijing H&J Law Firm. Mr. Han was invited to be a long-term legal advisor for almost 100 enterprises successively. Major employers include Air China Limited, The People's Political Consultative Daily (《人民政協報》), Xinhua Daily Telegraph, China Central Television's legal program She Hui Jing Wei (《社會經緯》) and Business service Centre (商業服務中心) of the State-owned Assets Supervision and Administration Commission of the State Council. Social honours awarded to Mr. Han include "2011 Top 100 Criminal Defense Lawyer in Beijing" ("二零一一年北京市百名優秀刑辯律師"), "2010 National Top Lawyer for Supporting the Development of SME" ("二零一零年護航中小企業發展全國優秀律師"), "Top 10 Outstanding Lawyer of 2010 China Entrepreneur Anniversary" ("二零一零年創業中國年度十大傑出律師"), "2008 Top 10 Quality-Service Lawyer in China's Modern Service Industry" ("二零零八年中國現代服務業十佳優質服務律師"), "National Outstanding Lawyer" ("全國優秀律師"), "2008 National Top Private Equity Finance Lawyer" ("二零零八年中國最佳私募股權金融律師"), etc.

Ms. WANG Shuping ("Ms. Wang"), aged 56, is an independent non-executive Director. Ms. Wang is also the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company. Ms. Wang graduated from the Politics & Law Department of Capital Normal University with a major in Politics and Law in 1992. She holds the qualification of Corporate Accountant in the PRC. Ms. Wang has been engaged in banking related businesses for many years and accumulated 35 years of extensive experience in banking management. Ms. Wang held various positions during her service with China Construction Bank, including the head of accounting department, chief auditor, deputy manager and deputy general manager. Ms. Wang served as the deputy manager of Beijing Xuanwu Sub-branch of China Construction Bank during 1999 to 2002. Ms. Wang held the position of the deputy manager of Beijing Railway Sub-branch of China Construction Bank during 2002 to 2010. And Ms. Wang was the deputy general manager of the Cash Operation Centre of the Beijing Branch of China Construction Bank during 2010 to 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. JIA Zhongjie ("Mr. Jia"), aged 65, is currently the Chief Operating Officer of the Company. He is also a research fellow professor, Vice Chairman of China Association for Continuing Engineering Education, Executive Vice President of China Auto Talents Society, Deputy Director of China Talents Research and President of Beijing Chuanglian Oriental Information Technology Institute Limited. In addition, Mr. Jia is also hired as Consultant and Adjunct Professors of School of Continuing Education of Tsinghua University, School of Government of Peking University and University of International Relations respectively.

Mr. Jia has worked for several departments of Ministry of Human Resources and Social Security since 1980, including Cadre Bureau, Policy Research Office, Policy and Law Office. He was the director and secretary of the party committee of China Senior Civil Servant Training Center; Prior to this, he served as senior positions such as Division Chief, Vice Director and Chief Editor of China Personnel.

His main academic works include The New Code of Conduct for Public Servants, China enterprise legal Encyclopedia, Guide for China's Civil Servant Hiring Examination, The Pingyao County and Shanxi Province Merchant Compound, etc.

Mr. SUNG Chi Keung ("Mr. Sung"), aged 39, is currently the chief financial officer of the Company appointed on 1 April 2015. Mr. Sung obtained his Bachelor Degree in Business Administration, majoring in Professional Accountancy, from the Chinese University of Hong Kong and a Master Degree in Corporate Finance from the Hong Kong Polytechnic University. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Before joining the Group, Mr. Sung was the chief financial officer and company secretary of China Culiangwang Beverages Holdings Limited, a company listed on the Stock Exchange from August 2013 to March 2015. From August 2004 to June 2013, he was an executive director, the finance director and the company secretary of Asian Citrus Holdings Limited, a company dually listed on the AIM of the London Stock Exchange and the Stock Exchange. Prior to that, Mr. Sung has over 10 years of experience in financial management, accounting, taxation, auditing and corporate finance and previously worked for KPMG, PricewaterhouseCoopers Ltd. and Deloitte & Touche Corporate Finance Ltd.

Mr. TING Pong Ming ("Mr. Ting"), aged 47, graduated from The University of Hong Kong with a bachelor degree of Science. He obtained a master degree of Business Administration at the University of Strathclyde in the United Kingdom and a second bachelor degree in Law at Tsing Hua University in the PRC. Mr. Ting is an associate member of the Hong Kong Institute of Certified Public Accountants and fellow member of the Association of Chartered Certified Accountants. Mr. Ting has more than 11 years of experience in accounting and finance. Mr. Ting is currently the company secretary of the Company.

REPORT OF THE DIRECTORS

The Directors hereby present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

Principal Activities and Segment Information

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 44 to the consolidated financial statements. The Group is principally engaged in the provision of the online training and education services.

An analysis of the Group's performance for the year by business segments is set out in note 8 to the consolidated financial statements.

Results

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of comprehensive income on page 41.

Dividend

The Directors did not recommend payment of final dividend for the year ended 31 December 2014.

Plant and Equipment

Details of the movements in the plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in note 31 to the consolidated financial statements.

Distributable Reserves

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 44 and 45.

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company (the "Articles of Association") requiring the Company to offer new shares to its existing shareholders in proportion to their share holdings and there is no restriction against such rights under the laws of the Cayman Islands.

REPORT OF THE DIRECTORS

Directors

The Directors during the year and up to the date of this report are:

Executive Directors

Mr. Lu Xing *(Chairman)*	(appointed on 11 December 2014)
Mr. Li Jia	
Mr. Liu Zhong Hua	(appointed on 10 September 2014)
Mr. Li Qing	(resigned on 7 July 2014)

Independent Non-executive Directors

Mr. Leung Siu Kee
Mr. Han Bing
Ms. Wang Shuping

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all its independent non-executive Directors independent.

Directors' Service Contracts

Each of Mr. Lu Xing, Mr. Li Jia, Mr. Liu Zhong Hua, Mr. Leung Siu Kee, Mr. Han Bing, Ms. Wang Shuping and Mr. Li Qing (resigned on 7 July 2014) has entered into a service agreement with the Company for a term of three years.

None of the Directors being proposed for re-election at the forthcoming annual general meeting (the "AGM") has service agreement with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Share Options

Share Option Scheme

The Group has two equity-settled share option schemes which were adopted on 31 October 2004 (the "Share Option Scheme 2004") and 28 May 2014 (the "Share Option Scheme 2014") (collectively, the "Share Option Schemes") for the purpose of enabling the Company to grant options to Participants (as defined below) as incentives and rewards for their contribution to the Company or its subsidiaries. Under the Share Option Schemes, the Board might, at its discretion, offer options to any employees (whether full time or part time), executives or officers of the Company or any of its subsidiaries (including any executive Director), business consultants, agents or legal and financial advisers to the Company or its subsidiaries (the "Participants") whom the Board considered, in its sole discretion, as having contributed to the Company or any of its subsidiaries.

The principal terms of the Share Option Scheme 2004 and Share Option Scheme 2014 are summarised as follows:

The Share Option Scheme 2004 and Share Option Scheme 2014 were adopted for a period of 10 years commencing from 31 October 2004 and 28 May 2014, respectively. The Company had by resolution in the annual general meeting of the Company dated 28 May 2014 resolved to terminate the Share Option Scheme 2004 and to adopt the Share Option Scheme 2014.

The consideration for the grant of option is HK$1.00. The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

(i) the nominal value of the shares;

(ii) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the option; and

(iii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of the grant of the option.

Under the Share Option Schemes, the total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Schemes shall not in aggregate exceed 10% of the number of shares in issue at the date of approval of the Share Option Scheme (the "Scheme Limit") provided that, *inter alia*, the Company may seek approval of the shareholders at a general meeting to refresh the Scheme Limit. The maximum number of shares in respect of which options may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Schemes may not exceed 30% of the share capital of the Company in issue from time to time.

As at 31 December 2014, 36,400,000 share options entitling the holders of which to subscribe for the Company's securities were outstanding in the Share Option Scheme 2004, representing approximately 0.87% of the issued share capital of the Company.

The maximum number of shares issued upon exercise of the options granted to each grantee or of shares to be issued upon the exercise of outstanding options under the Share Option Schemes in any 12-month period shall not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and the approval of its shareholders in accordance with the Share Option Scheme. The period within which the Company's securities must be taken up shall be in any event not later than 10 years from the offer date, subject to the provisions for early termination of the Share Option Schemes and there is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option.

Movements of share options during the year ended 31 December 2014 under the Share Option Scheme is summarised as follows and details of which are set out in note 36 to the consolidated financial statements:

Movements of Share Option Scheme 2004 during the year

List of Grantees	Balance as at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 31 December 2014	Exercise Price HK$	Date of Grant	Exercise Period
Directors									
Li Jia	2,000,000	–	–	(2,000,000)	–	–	0.56	29/07/2011	29/07/2011-28/07/2014
Liu ZhongHua (appointed on 10 September 2014)	2,000,000	–	–	–	–	2,000,000	0.37	11/09/2013	11/09/2013-10/09/2016
Leung Siu Kee	460,000	–	–	(460,000)	–	–	0.58	02/06/2010	02/06/2011-01/06/2014
Wang Shuping (appointed on 11 January 2013)	500,000	–	–	–	–	500,000	0.37	11/09/2013	11/09/2013-10/09/2016
Li Qing (resigned on 7 July 2014)	980,000	–	–	(980,000)	–	–	0.58	02/06/2010	02/06/2011-01/06/2014
	5,000,000	–	–	(5,000,000)	–	–	0.55	05/09/2011	05/09/2011-04/09/2014
Subtotal	10,940,000	–	–	(8,440,000)	–	2,500,000			

Movements of Share Option Scheme 2004 during the year (continued)

List of Grantees	Balance as at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 31 December 2014	Exercise Price HK$	Date of Grant	Exercise Period
Employees									
In aggregate	3,160,000	–	–	(3,160,000)	–	–	0.85	06/01/2011	06/01/2011-05/01/2014
	11,960,000	–	–	(11,960,000)	–	–	0.58	02/06/2011	02/06/2011-01/06/2014
	3,000,000	–	–	(3,000,000)	–	–	0.53	06/07/2011	06/07/2011-05/07/2014
	4,800,000	–	–	(4,800,000)	–	–	0.55	05/09/2011	05/09/2011-04/09/2014
	30,900,000	–	–	–	–	30,900,000	0.37	11/09/2013	11/09/2013–10/09/2016
Subtotal	53,820,000	–	–	(22,920,000)	–	30,900,000			
Consultants									
In aggregate	5,000,000	–	–	(5,000,000)	–	–	0.53	06/07/2011	06/07/2011–05/07/2014
	3,000,000	–	–	(3,000,000)	–	–	0.56	29/07/2011	29/07/2011–28/07/2014
	3,000,000	–	–	–	–	3,000,000	0.37	11/09/2013	11/09/2013–10/09/2016
Subtotal	11,000,000	–	–	(8,000,000)	–	3,000,000			
Total	75,760,000	–	–	(39,360,000)	–	36,400,000			

Notes:

1. Share Option will automatically lapsed after the period of 6 months following the date of such cessation or termination

During the year ended 31 December 2014, no share options has been granted, exercised, cancelled or lapsed under the Share Option Scheme 2014.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 31 December 2014, the following Directors or chief executive of the Company had held the following interests or short positions in the shares, underlying shares (as defined in the Securities and Futures Ordinance (the "SFO")) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules:

Long positions in the Company:

Name of Directors	Nature of interests	Number of issued ordinary shares held	Number of underlying shares held pursuant to share options	Aggregate number of shares held	Approximate aggregate percentage of the issued share capital
Lu Xing (appointed on 11 December 2014)	Held by controlled corporation (*Note 1*)	811,728,323	–	811,728,323	19.47%
Liu Zhong Hua (appointed on 10 September 2014)	Beneficial owner	29,000,000	2,000,000	31,000,000	0.74%
Li Jia	Beneficial owner	7,736,000	–	7,736,000	0.18%
Han Bing	Beneficial owner	1,900,000	–	1,900,000	0.04%
Wang Shuping	Beneficial owner	–	500,000	500,000	0.01%

Note:

1. Of these 811,728,323 shares, 680,000,000 shares are held by Headwind Holdings Limited and 109,628,323 shares are held by Ascher Group Limited. Headwind Holdings Limited and Ascher Group Limited are companies incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lu Xing.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company held any interests or short positions in the shares, underlying shares (as defined in the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2014, the following persons (other than Directors or chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the Company

Name of substantial shareholders of the Company	Nature of interests	Number of issued ordinary shares held	Number of underlying shares held	Aggregate number of shares held	Approximate aggregate percentage of the issued share capital
Headwind Holdings Limited	Beneficial owner (*Note 1*)	680,000,000	–	680,000,000	16.31%
Guo Zhen Bao	Beneficial owner (*Note 2*)	272,746,032	3,000,000	431,042,032	10.33%
	Held by spouse (*Note 3*)	155,296,000			
Ho Wai Kong ("Mr. Ho")	Held by controlled corporation (*Note 4*)	348,639,306	–	398,859,306	9.56%
	Held by spouse (*Note 5*)	50,220,000	–		
Guo Binni	Beneficial owner (*Note 5*)	50,220,000	–	398,859,306	9.56%
	Held by controlled corporation (*Note 4*)	348,639,306	–		
Rotaland Limited	Beneficial owner (*Note 4*)	355,139,306	–	355,139,306	8.51%

Notes:

1. Of these 811,728,323 shares, 680,000,000 shares are held by Headwind Holdings Limited and 109,628,323 shares are held by Ascher Group Limited. Headwind Holdings Limited and Ascher Group Limited are companies incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lu Xing.

2. Of these 275,746,032 shares, 272,746,032 shares and 3,000,000 share options are held by Mr. Guo Zhen Bao.

3. These 155,296,000 shares are held by Ms. Ren Jiying who is the spouse of Mr. Guo.

4. Of these 348,639,306 shares, 347,139,306 shares are held by Rotaland Limited; and 1,500,000 shares are held by Similan Limited. Rotaland Limited and Similan Limited are companies incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Ho.

5. These 50,220,000 shares are held by Ms. Guo Binni who is the spouse of Mr. Ho.

Save as disclosed above, as at 31 December 2014, the Company had not been notified of any interest or short position being held by any substantial shareholder of the Company in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Contracts with Controlling Shareholders

Save as disclosed in this report, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of their subsidiaries, at any time during the year. No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholders of the Company or any of their subsidiaries.

Competing Interests

As at 31 December 2014, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

Major Suppliers and Customers

The percentage of purchases for the year ended 31 December 2014 attributable to the Group's major suppliers is as follows:

	Percentage of purchases
The largest supplier	34%
Five largest suppliers combined	88%

The percentage of sales for the year ended 31 December 2014 attributable to the Group's major customers is as follows:

	Percentage of sales
The largest customer	19%
Five largest customers combined	58%

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

REPORT OF THE DIRECTORS

Related Party Transactions

Related party transactions during the year are disclosed in note 40 to the consolidated financial statements.

Event after the Reporting Period

On 2 February 2015, the Group entered into a sale and purchase agreement with the non-controlling interest holder of the Group to transfer all the LED advertising business related assets and liabilities in Shanghai to the non-controlling interest holder in exchange of 49% equity interest of Shanghai Chengcai Cultural Media Company Limited*（上海晟彩文化傳播有限公司）which was a non-wholly owned subsidiary of the Group.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 4 June 2015 to Monday, 8 June 2015, both days inclusive, during which period no transfers of shares shall be registered. In order to qualify for attending and voting at the forthcoming AGM of the Company, 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, Union Registrars Limited, A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 3 June 2015.

* *for identification purpose only*

REPORT OF THE DIRECTORS

Annual General Meeting

The AGM of the Company will be held on Monday, 8 June 2015 and the notice of AGM will be published and despatched to shareholders of the Company in due course.

Purchase, Redemption or Sale of the Company's Listed Securities

During the year, the Company has issued and allotted 1,800,000,000 new ordinary shares by means of conversion of preferred shares at the conversion rate of 1 preferred share to 1 ordinary share.

Save as disclosed herein, 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.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules as at the date of this report.

Corporate Governance

Please see the "Corporate Governance Report" set out on pages 29 to 38 of this annual report for details of its compliance with the Corporate Governance Code.

Auditor

A resolution to re-appoint SHINEWING (HK) CPA Limited as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
Lu Xing
Chairman

Hong Kong, 31 March 2015

CORPORATE GOVERNANCE REPORT

Introduction

Maintaining high standards of business ethics and corporate governance practices have always been one of the Company's goals. This report describes its corporate governance practices, explains the applications of the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules and the deviations, if any.

Corporate Governance Practices

During the year, the Company has complied with the code provisions of the CG Code except the deviation stated in the following paragraphs. 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 year 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.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exactly than the required standard in the Model Code as set out in Appendix 10 of the Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard in the Model Code and its code of conduct regarding Directors' securities transactions.

The Board of Directors

During the year and as at the date of this report, the Board comprises the following Directors:

Executive Directors

Mr. Lu Xing	(appointed on 11 December 2014)
Mr. Li Jia	
Mr. Liu Zhong Hua	(appointed on 10 September 2014)
Mr. Li Qing	(resigned on 7 July 2014)

Independent Non-executive Directors

Mr. Leung Siu Kee
Mr. Han Bing
Ms. Wang Shuping

Pursuant to Rules 3.10(1) and 3.10A of the Listing Rules, there are three independent non-executive directors representing one-third of the Board.

Among the three independent non-executive Directors, Mr. Leung Siu Kee has appropriate professional qualifications in accounting or relevant financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all its independent non-executive Directors independent.

The Company has set out the respective functions and responsibilities reserved to the Board and those delegated to management. The Board delegates day-to-day operations of the Group to executive Directors and senior management of the Company while reserving certain key matters for its approval. The Board is responsible for the approval and monitoring of the Company's overall strategies and policies, approval of business plans, evaluating the performance of the Company and oversight of management. Decisions of the Board are communicated to the management through executive Directors who have attended the Board meetings.

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the Directors.

For the year ended 31 December 2014, 20 Board meetings were held. The details of the attendance record of the Directors are as follows:

		Attendance
Executive Directors		
Mr. Lu Xing	(appointed on 11 December 2014)	0/0
Mr. Li Jia		12/20
Mr. Liu Zhong Hua	(appointed on 10 September 2014)	5/8
Mr. Li Qing	(resigned on 7 July 2014)	9/9
Independent Non-executive Directors		
Mr. Leung Siu Kee		2/20
Mr. Han Bing		4/20
Ms. Wang Shuping		17/20

For the year ended 31 December 2014, 1 general meeting was held. The details of the attendance record of the Directors are as follows:

		Attendance
Executive Directors		
Mr. Lu Xing	(appointed on 11 December 2014)	0/0
Mr. Li Jia		0/1
Mr. Liu Zhong Hua	(appointed on 10 September 2014)	0/0
Mr. Li Qing	(resigned on 7 July 2014)	1/1
Independent Non-executive Directors		
Mr. Leung Siu Kee		0/1
Mr. Han Bing		0/1
Ms. Wang Shuping		0/1

Apart from the regular Board meetings, the Board meets on other occasions when a board-level decision on a particular matter is required. Sufficient notice is given for regular Board meetings to all Directors enabling them to attend and reasonable notice will be given in case of special Board meetings. The Directors will receive details of agenda items for decision and minutes of the committee meetings in advance of each Board meeting.

According to the code provision A.6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors.

For the year ended 31 December 2014, the Company had arranged to provide to all Directors with the professional training namely "Framerwork for Market Misconduct and Case Study" and "Connected Transactions" to update their knowledge. Each of the Directors had noted and studied the above mentioned training and that the Company had received from each of the Directors the confirmations on taking continuous professional training.

Chairman and Chief Executive

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the year ended 31 December 2014, the chairman of the Board was performed by Mr. Lu Xing and the Company did not have a chief executive. The Board will keep reviewing the current structure of the Board from time to time and should candidates with suitable knowledge, skill and experience be identified, the Company will make appointments to fill the post as appropriate.

Non-executive Directors

According to the code provision A.4.1 of the CG Code, all non-executive Directors should be appointed for a specific term of service.

Each of the non-executive Directors (including the independent non-executive Directors) entered into a service agreement with the Company for a three-year term of service.

Mr. Han Bing and Ms. Wang Shuping, the independent non-executive Directors, were appointed on 28 August 2012 and 11 January 2013, respectively, for a three-year term of service, which can be terminated by either party giving not less than three months' notice in writing.

The service agreement of Mr. Leung Siu Kee has been renewed for a three-year term of service commencing from 22 December 2012 to 21 December 2015, which can be terminated by either party giving not less than three months' notice in writing.

All the non-executive Directors (including the independent non-executive Directors) are appointed and subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

Directors' and Senior Management's Remuneration

The remuneration of Directors is determined with reference to their duties and responsibilities in the Company as well as the prevailing market conditions. Details of emoluments of Directors for the year ended 31 December 2014 are set out in note 13 to the consolidated financial statements. The emoluments paid to senior management of the Group for the year ended 31 December 2014 falls within the following bands:

	Number of senior management
Nil to HK$1,000,000 (equivalent to approximately RMB802,000)	2
HK$1,500,001 to HK$2,000,000 (equivalent to approximately RMB1,203,000 to RMB1,604,000)	–

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established in 2005 with written terms of reference which complies with the Listing Rules. It is responsible for formulating and recommending the Board in relation to the remuneration policy, recommending the remunerations of Directors and the senior management of the Company, and reviewing and making recommendations on the Company's share option scheme and other compensation related issues. The Remuneration Committee consults with the Board on its proposals and recommendations.

During the year and as at the date of this report, the Remuneration Committee comprises three independent non-executive Directors including Ms. Wang Shuping, Mr. Leung Siu Kee, Mr. Han Bing. Ms. Wang Shuping is the current chairman of the Remuneration Committee.

During the year, the Remuneration Committee held 1 meeting to review and make recommendation on the remuneration package of Directors and senior management of the Company.

Details of the attendance record of the Remuneration Committee members are as follows:

Members	Attendance
Ms. Wang Shuping (Chairman)	1/1
Mr. Leung Siu Kee	1/1
Mr. Han Bing	1/1

Nomination Committee

The Board is empowered under the Articles of Association to appoint any person as a Director either to fill a casual vacancy on or, as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship having regards to the balance of skills and experience appropriate to the Group's business.

The nomination committee of the Company (the "Nomination Committee") was established in 2008 with written terms of reference which complies with the Listing Rules. It is responsible for the following duties:

– review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

– identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

– assess the independence of independent non-executive Directors; and

– make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive.

During the year and as at the date of this report, the Nomination Committee comprises three independent non-executive Directors including Mr. Han Bing, Mr. Leung Siu Kee and Ms. Wang Shuping. Mr. Han Bing is the current chairman of the Nomination Committee.

During the year, the Nomination Committee held 1 meeting to review the structure, size, composition and diversity of the Board and senior management of the Company, including the balance of skills, knowledge and experience, and independence of the independent non-executive Directors and make recommendation to the Board accordingly.

Details of the attendance record of the Nomination Committee members are as follows:

Members	**Attendance**
Mr. Han Bing (Chairman)	1/1
Mr. Leung Siu Kee	1/1
Ms. Wang Shuping	1/1

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established in 2004 with written terms of reference which complies with the Listing Rules. The primary duties of the Audit Committee include overseeing the relationship with the Company's external auditor, review of financial information of the Group, and oversight of the Group's financial reporting system, internal control procedures and risk management.

During the year and as at the date of this report, the Audit Committee comprises three independent non-executive Directors including Mr. Leung Siu Kee, Mr. Han Bing and Ms. Wang Shuping. Mr. Leung Siu Kee is the current chairman of the Audit Committee.

The Audit Committee formally meets two times during the year and other informal meetings were conducted as and when necessary. These meetings were held together with senior management and external auditor as and when necessary. During the year, the Audit Committee held 2 meetings to consider the external auditor's proposed audit fees, their independence and scope of the audit; review the internal control and risk management systems; review the interim and annual financial statements, particularly judgemental areas, accounting principles and practice adopted by the Group; review the external auditor's management letter and management's response; and review the Group's adherence to the CG Code. The Group's unaudited interim results and audited annual results for the year ended 31 December 2014 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

Details of the attendance record of the Audit Committee members are as follows:

Members	**Attendance**
Mr. Leung Siu Kee (Chairman)	2/2
Mr. Han Bing	2/2
Ms. Wang Shuping	2/2

Corporate Governance Functions

The Company's corporate governance functions are carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with code provision D.3.1 of the CG Code, which include (a) to develop and review the policies and practices on corporate governance of the Group and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Company; (c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and (e) to review the Group's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company.

For the year ended 31 December 2014 and as at the date of this report, the Board had reviewed the corporate governance matters of the Company. Saved for the deviation disclosed under the "Chairman and Chief Executive", the Company had complied with the principles and applicable code provisions of the CG Code and was not aware of any non-compliance to relevant applicable legal and regulatory requirements.

Auditor's Remuneration

During the year, the remuneration in respect of audit services paid/payable to the Company's external auditor, SHINEWING (HK) CPA Limited, is amounted to HK$1,200,000.

Type of Services	HK$
Non-audit services	600,000
Statutory audit services	1,200,000
Total	1,800,000

Directors' Responsibility for Financial Statements

Annual Report and Financial Statements

The Directors acknowledge their responsibilities to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to the shareholders of the Company, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Company is set out in the section headed "Independent Auditor's Report" in this report.

Accounting Period

The Directors consider that in preparing the financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group had kept the accounting records, which disclose with reasonable accuracy of the financial position of the Group, and also enable the preparation of the financial statements in accordance with the applicable accounting standards.

Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

Internal Controls

The Board is responsible for maintaining a sound and effective internal control system for the Company. The system aims at providing reasonable (but not absolute) guarantees for the prevention of material untrue statements or losses, as well as management on the interruption of the Company's management system and risks existing in the course of arriving at the Company's objectives.

The Directors have conducted an annual review of the effectiveness of the internal control system of the Company and its subsidiaries for the year ended 31 December 2014. The review covers all material controls including financial, operational and compliance controls and risk management functions. The Audit Committee and the Board have discussed the relevant results of review, and agreed that internal control procedures and risk management systems have been implemented in the various major operation sectors.

CORPORATE GOVERNANCE REPORT

Company Secretary

Mr. Ting Pong Ming ("Mr. Ting") was appointed as the company secretary of the Company. According to Rule 3.29 of the Listing Rules, Mr. Ting took no less than 15 hours of relevant professional training for the year ended 31 December 2014.

Shareholders' Rights

Convening an extraordinary general meeting and putting forward proposals at shareholders' meeting

Pursuant to article 58 of the Articles of Association, any one or more members of the Company holding at the date of deposit of the requisition not less than one-fifth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

Shareholders may put forward their proposals or enquiries to the Board by sending their written request to the Company's Registrar.

Investor Relations

To foster effective communications, the Company provided all necessary information to the shareholders in its annual report and interim report. The Directors host the AGM each year to meet the shareholders and answer to their enquiries. Directors make efforts to attend the AGM so that they may answer any questions from the Company's shareholders.

The Directors, the company secretary or other appropriate members of senior management of the Company will also respond to inquiries from shareholders and investors promptly.

For the year ended 31 December 2014, there was no amendments to the existing Memorandum and Articles of Association of the Company.

INDEPENDENT AUDITOR'S REPORT

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF CHINA CHUANGLIAN EDUCATION GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Chuanglian Education Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 140, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
31 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTES	**2014** **RMB'000**	2013 RMB'000
Revenue	7	**76,906**	98,350
Cost of sales and services		**(24,201)**	(25,346)
Gross profit		**52,705**	73,004
Other income	9	**4,706**	4,162
Selling and marketing expenses		**(11,399)**	(3,936)
Administrative expenses		**(34,609)**	(35,204)
Provision for a claim	27	**–**	(3,222)
Gain on disposal of subsidiaries	39	**17,690**	–
Reversal of impairment loss on amount due from an associate		**–**	7,520
Increase in fair value of derivative financial liabilities	30	**–**	(15,263)
Share of result of an associate	20	**(209)**	–
Finance costs	10	**(390)**	(5,534)
Profit before tax		**28,494**	21,527
Income tax expense	11	**(4,559)**	(11,144)
Profit for the year	12	**23,935**	10,383
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation and other comprehensive income (expense) for the year		**6,403**	(4,711)
Total comprehensive income for the year		**30,338**	5,672
Profit (loss) for the year attributable to:			
Owners of the Company		**24,233**	7,712
Non-controlling interests		**(298)**	2,671
		23,935	10,383
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**30,636**	3,001
Non-controlling interests		**(298)**	2,671
		30,338	5,672
Earnings per share	16		
Basic and diluted (RMB cents)		**0.58**	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Non-current assets			
Plant and equipment	17	**5,534**	10,730
Intangible assets	18	**102,483**	111,925
Goodwill	19	**378,852**	373,920
Interest in an associate	20	**841**	–
Available-for-sale investments	21	**–**	1,953
		487,710	498,528
Current assets			
Trade and other receivables	22	**80,104**	70,320
Amount due from an associate	23	**–**	11,740
Amount due from a director	23	**–**	352
Amount due from non-controlling interest holder	23	**–**	–
Bank balances and cash	24	**83,361**	50,917
		163,465	133,329
Current liabilities			
Trade and other payables	25	**41,752**	27,969
Amount due to a shareholder	26	**30**	1,563
Provision for a claim	27	**–**	10,722
Income tax payable		**12,843**	11,856
Bank and other borrowings	28	**5,000**	18,000
		59,625	70,110
Net current assets		**103,840**	63,219
Total assets less current liabilities		**591,550**	561,747

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Capital and reserves			
Share capital	31	**34,920**	205,864
Convertible preference share capital	32	**–**	67,027
Reserves		**529,526**	259,662
Equity attributable to owners of the Company		**564,446**	532,553
Non-controlling interests		**2,241**	2,539
Total equity		**566,687**	535,092
Non-current liability			
Deferred tax liability	33	**24,863**	26,655
		591,550	561,747

The consolidated financial statements on pages 41 to 140 were approved and authorised for issue by the board of directors on 31 March 2015 and are signed on its behalf by:

Li Jia	**Liu Zhong Hua**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company													
	Share capital RMB'000	Convertible preference share capital reserves RMB'000	Share premium RMB'000	Special reserve RMB'000 (Note a)	Translation reserve RMB'000	Convertible loan notes equity reserve RMB'000	Capital redemption reserve RMB'000 (Note b)	Share options reserve RMB'000	Contribution from shareholders RMB'000 (Note c)	Other reserve RMB'000 (Note d)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2013	178,517	–	670,393	15,536	(3,178)	20,205	595	47,347	1,927	(239)	(940,493)	(9,390)	(132)	(9,522)
Profit for the year	–	–	–	–	–	–	–	–	–	–	7,712	7,712	2,671	10,383
Other comprehensive income for the year – Exchange differences arising on translation	–	–	–	–	(4,711)	–	–	–	–	–	–	(4,711)	–	(4,711)
Total comprehensive (expense) income for the year	–	–	–	–	(4,711)	–	–	–	–	–	7,712	3,001	2,671	5,672
Recognition of equity-settled share-based payment expenses (Note 36)	–	–	–	–	–	–	–	1,169	–	–	–	1,169	–	1,169
Issue of share upon exercise of share options (Note 31)	149	–	326	–	–	–	–	(123)	–	–	–	352	–	352
Issue of shares upon conversion of convertible loan notes (Note 31)	16,992	–	77,963	–	–	(20,205)	–	–	–	–	–	74,750	–	74,750
Issue of preference shares (Note 32)	–	74,874	82,361	–	–	–	–	–	–	70,500	–	227,735	–	227,735
Contingent consideration arrangement (Note 38)	–	–	–	–	–	–	–	–	–	227,735	–	227,735	–	227,735
Issue of shares upon conversion of preference shares (Note 31)	7,847	(7,847)	–	–	–	–	–	–	–	–	–	–	–	–
Issue of shares upon placing (Note 31)	2,359	–	5,073	–	–	–	–	–	–	–	–	7,432	–	7,432
Transaction costs attributable to issue of shares upon placing	–	–	(231)	–	–	–	–	–	–	–	–	(231)	–	(231)
At 31 December 2013	205,864	67,027	835,885	15,536	(7,889)	–	595	48,393	1,927	297,996	(932,781)	532,553	2,539	535,092

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company													
	Share capital RMB'000	Convertible preference share capital reserves RMB'000	Share premium RMB'000	Special reserve RMB'000 (Note a)	Translation reserve RMB'000	Convertible loan notes equity reserve RMB'000	Capital redemption reserve RMB'000 (Note b)	Share options reserve RMB'000	Contribution from shareholders RMB'000 (Note c)	Other reserve RMB'000 (Note d)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014	205,864	67,027	835,885	15,536	(7,889)	-	595	48,393	1,927	297,996	(932,781)	532,553	2,539	535,092
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	24,233	24,233	(298)	23,935
Other comprehensive income for the year – Exchange differences arising on translation	-	-	-	-	6,403	-	-	-	-	-	-	6,403	-	6,403
Total comprehensive income (expense) for the year	-	-	-	-	6,403	-	-	-	-	-	24,233	30,636	(298)	30,338
Recognition of equity-settled share-based payment expenses (Note 36)	-	-	-	-	-	-	-	1,257	-	-	-	1,257	-	1,257
Issue of preference shares (Note 32)	-	76,305	80,930	-	-	-	-	-	-	(157,235)	-	-	-	-
Issue of shares upon conversion of preference shares (Note 31)	69,218	(143,332)	74,114	-	-	-	-	-	-	-	-	-	-	-
Reduction of share capital upon capital reorganisation (Note 31)	(240,162)	-	-	-	-	-	-	-	-	-	240,162	-	-	-
At 31 December 2014	34,920	-	990,929	15,536	(1,486)	-	595	49,650	1,927	140,761	(668,386)	564,446	2,241	566,687

Notes:

(a) Special reserve represents the difference between the nominal value of the ordinary share issued by the Company and Beijing Zhizhen Node Technology Development Co., Ltd. ("ZZNode (Beijing)") and the aggregate of share capital and share premium or net assets of the subsidiaries acquired by the Company and ZZNode (Beijing) through the exchange of share.

(b) Capital redemption reserve represents a non-distributable reserve created in accordance with Section 37.4(a) of the Cayman Islands Law when the Company repurchases its own shares out of retained profits. The reserve was created by transferring from the retained profits an amount equivalent to the nominal value of the share repurchased to the capital redemption reserve.

(c) Contribution from shareholders represents balances advanced from shareholders in prior years for the share options granted.

(d) Other reserve represents (i) the difference between the consideration and the book value of the identifiable assets and liabilities attributable to the acquisition of additional equity interest in subsidiaries; (ii) the difference between the fair value and the conversion price of convertible preference shares issued attributable to the acquisition of a subsidiary; and (iii) the fair value of contingent consideration arising in acquisition of a subsidiary, Housden Holdings Limited. The contingent consideration had been transferred to convertible preference share capital reserves and share premium upon issuance of the convertible preference shares during the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	NOTE	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**28,494**	21,527
Adjustments for:			
Finance costs		**390**	5,534
Interest income		**(511)**	(55)
Reversal of impairment loss on trade and other receivables		**(535)**	(550)
Write off of trade and other payables		**(3,410)**	(1,792)
Government subsidies		**(74)**	(1,761)
Amortisation of intangible assets		**11,144**	4,288
Depreciation of plant and equipment		**5,227**	4,510
Impairment loss on intangible assets		**368**	2,803
Impairment loss on trade and other receivables		**112**	–
Write off of other receivables		**1,540**	–
Reversal of impairment loss on amount due from an associate		**–**	(7,520)
Share-based payment expenses		**1,257**	1,169
Loss on disposal of plant and equipment		**2**	–
Impairment loss on plant and equipment		**570**	–
Impairment loss on amount due from non-controlling interest holder		**–**	203
Gain on disposal of subsidiaries	39	**(17,690)**	–
Share of result of an associate		**209**	–
Increase in fair value of derivative financial liabilities		**–**	15,263
Provision for a claim		**–**	3,222
Operating cash flows before movements in working capital		**27,093**	46,841
Increase in trade and other receivables		**(12,024)**	(29,749)
Increase in trade and other payables		**19,930**	2,816
Cash generated from operations		**34,999**	19,908
Income tax paid		**(5,631)**	(3,890)
NET CASH FROM OPERATING ACTIVITIES		**29,368**	16,018

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
INVESTING ACTIVITIES			
Establishment of an associate		**(1,050)**	–
Addition of intangible assets		**(1,000)**	–
Purchase of plant and equipment		**(531)**	(4,925)
Repayment from an associate		**1,445**	2,626
Interest received		**511**	55
Repayment from a director		**352**	–
Net cash inflow from disposal of subsidiaries	39	**76**	–
Proceeds on disposal of plant and equipment		**8**	–
Net cash inflow from acquisition of a subsidiary	38	**–**	9,607
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(189)**	7,363
FINANCING ACTIVITIES			
New bank loan raised		**5,000**	–
Government subsidies received		**74**	1,761
Proceeds on issue of shares upon placing		**–**	7,432
(Repayment to) advance from a shareholder		**(1,566)**	1,563
Interest paid on bank and other borrowings		**(390)**	(360)
Interest paid on convertible loan notes		**–**	(2,338)
Payment of transaction cost attributable to issue of shares upon placing		**–**	(231)
NET CASH FROM FINANCING ACTIVITIES		**3,118**	7,827
NET INCREASE IN CASH AND CASH EQUIVALENTS		**32,297**	31,208
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**50,917**	19,965
Effect of foreign exchange rate changes		**147**	(256)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash		**83,361**	50,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL

China Chuanglian Education Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 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 set out in Note 44.

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 operates 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Hong Kong (IFRS Interpretations Committee) ("HK(IFRIC)") – Int 21	Levies

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

The directors of the Company anticipate that, except as described below, the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

2. *APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")* (Continued)

HKFRS 9 (2014) Financial Instruments (Continued)

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. *APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")* *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Annual Improvements to HKFRSs 2010 – 2012 Cycle (Continued)

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Annual Improvement to HKFRSs 2012 – 2014 Cycle *(Continued)*

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

i) at cost;

ii) in accordance with HKFRS 9 (or HKAS 39); or

iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The amendments to HKFRS 10 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Company does not have any investment in joint operations, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10 and HKAS 28 will have a material impact on the Company's financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

As the Company does not have any investments in investment entities, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Company's financial statements.

2. *APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")* *(Continued)*

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgment in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

New Hong Kong Companies Ordinance

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

3. *SIGNIFICANT ACCOUNTING POLICIES* *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss, if any.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. *SIGNIFICANT ACCOUNTING POLICIES* *(Continued)*

Investment in an associate *(Continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. The difference between the carrying amount of the associate at the date the equity method was discontinued and any proceeds from disposing of the interest in the associate is included in the determination of the gain or loss on disposal of the associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of sales related taxes.

Advertising media income and consultancy service income are recognised when services are provided.

Income from television ("TV") programmes distribution services is recognised upon the delivery of the pre-recorded audio visual products and the materials for video features to the customers, in accordance with the terms of the underlying contracts.

Realised fair value gains or losses on securities trading are recognised on a trade date basis whilst unrealised fair value gains or losses are recognised on change in fair value at the end of the reporting period.

Income from educational consultancy services are provided in the form of fixed-price contracts. Revenue is recognised in the period when the services are provided, using a straight-line basis over the term of the contract.

Income from online training and education services is recognised on a straight-line basis over the period of the courses.

3. *SIGNIFICANT ACCOUNTING POLICIES* *(Continued)*

Revenue recognition *(Continued)*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Plant and equipment

Plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes plant and equipment in the course of construction for production. Construction in progress is carried at cost less any recognised impairment loss. Such construction in progress is classified to the appropriate categories of plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that services.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3. *SIGNIFICANT ACCOUNTING POLICIES* *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from an associate/a director/non-controlling interest holder and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

3. *SIGNIFICANT ACCOUNTING POLICIES* *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial market because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, amount due from an associate, amount due from a director and amount due from non-controlling interest holder, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable, an amount due from an associate/a director/non-controlling interest holder is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets *(Continued)*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to a shareholder and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provision

Provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees under share option scheme and share incentive scheme

The fair value of services received is determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited or cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgments in applying accounting policies *(Continued)*

Litigation claim or fines

As disclosed in Note 27, provision for a claim was recognised regarding to the dispute over the contractual undertakings in relation to the construction of a light-emitting diode ("LED") display panel at cash consideration of approximately RMB12,378,000 located in the PRC. As at 31 December 2014, the carrying value of such LED display panel recognised as construction in progress was nil (2013: RMB570,000), net of accumulated impairment loss of approximately RMB1,587,000 (2013: RMB1,017,000).

On 4 July 2012, a hearing was held at 河北省石家莊中級人民法院 (the "Court"). No decision had been concluded during the hearing, however, based on principal of equitable liability, the Court has revealed an arbitration of claim of RMB7,500,000 to be paid by the Group for the ownership of the LED display panel. On 12 December 2012, another hearing was brought but no decision had been finalised and concluded. With reference to a legal opinion from the PRC legal advisor, likelihood of an unfavorable outcome is probable and the amount of the loss of RMB7,500,000 can be reasonably estimated. As a result, a provision of RMB7,500,000 in respect of such claim was recognised as at 31 December 2012.

On 13 December 2013, a decision has been concluded by the Court which the indirectly-owned subsidiary of the Company is ordered to pay approximately RMB10,593,000 plus the accrued interest with reference to the loan interest rate determined by the People's Bank of China as from 16 April 2008 until payment thereon to the plaintiff and borne the related court expenses of approximately RMB129,000. However, an appeal was applied to 河北省高級人民法院 (the "High Court") by the Group on 30 December 2013. With reference to a legal opinion from the PRC legal advisor, the result of the appeal is uncertain and the amount of the loss of approximately RMB10,722,000 can be reasonably measured as at 31 December 2013. As a result, additional provision of approximately RMB3,222,000 in respect of such claim was recognised during the year ended 31 December 2013.

On 9 April 2014, the High Court promulgated the final decision which is final and conclusive, the High Court upheld the judgment issued by the Court but revised the aggregated legal claim payable. Accordingly, the indirectly-owned subsidiary of the Company has to pay an amount of approximately RMB10,342,000 plus the accrued interest with reference to the loan interest rate determined by the People's Bank of China as from 16 April 2008 until payment thereon to the plaintiff and borne the related court expenses of approximately RMB206,000.

The total provision for the litigation claims in the consolidated financial statement of the Group as at 31 December 2013 was approximately RMB10,722,000, which including litigation claim of approximately RMB10,342,000 plus the estimated accrued interest of approximately RMB174,000 and the related court expenses of approximately RMB206,000, the directors of the Company considered that the amount is adequate and no further provision is required.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgments in applying accounting policies (Continued)

Litigation claim or fines (Continued)

After due and careful consideration, the directors of the Company resolved not to lodge further appeal against the High Court ruling. The provision for a claim of RMB10,722,000 was recognised as other payable during the year ended 31 December 2014.

De facto control over subsidiaries

Notwithstanding the lack of equity ownership in北京創聯教育投資有限公司(Beijing Chuanglian Education Investment Company Limited*) ("Chuanglian Education") and its subsidiary, 北京中人光華教育科技有限公司 (Beijing Zhongren Guanghua Education Technology Company Limited*) ("Zhongren Guanghua"), (hereinafter collectively referred to as "Chuanglian Education Group"), the Group is able to exercise control over Chuanlian Education Group through the contractual arrangements.

The directors of the Company assessed whether or not the Group has control over Chuanglian Education Group based on whether the Group has the practical ability to direct the relevant activities of Chuanlian Education Group unilaterally. In making their judgement, the directors of the Company considered the Group's rights through the contractual arrangements. After assessment, the directors of the Company concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Chuanglian Education Group and therefore the Group has control over Changlian Education Group.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of plant and equipment and amortisation of intangible assets

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values, while intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual values and the useful lives of the plant and equipment and intangible assets and if the expectation differs from the original estimates, such a difference may impact the depreciation and amortisation in the year and the estimate will be changed in the future period.

* *For identification purposes only*

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimated impairment loss on plant and equipment

The impairment loss on plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations or fair value less costs of disposal. The directors of the Company select an appropriate technique to determine the recoverable amounts of plant and equipment. These calculations require the use of estimates such as the future revenue and discount rates. As at 31 December 2014, the carrying values of plant and equipment were approximately RMB5,534,000 (2013: RMB10,730,000), net of accumulated impairment loss of approximately RMB1,587,000 (2013: RMB1,017,000).

Estimated impairment loss on intangible assets

At the end of the reporting period, the Group performs testing on whether there has been impairment of intangible assets in accordance with the accounting policy as stated in Note 3. The recoverable amounts of cash generating units are determined based on value-in-use calculations. The directors of the Company assess the potential impairment of intangible assets if any, by reference to the work of independent professional qualified valuer who performs calculations which use estimates and assumptions of the future operation of the business applying appropriate discount rates, and other assumptions underlying the value-in-use calculations. As at 31 December 2014, the carrying values of intangible assets were approximately RMB102,483,000 (2013: RMB111,925,000), net of accumulated impairment loss of approximately RMB614,174,000 (2013: RMB613,806,000). Details of the recoverable amount calculation are disclosed in Note 18.

Estimated impairment loss on goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying value of goodwill was approximately RMB378,852,000 (2013: RMB373,920,000). No impairment loss was provided for both years. Details of the assumption used are disclosed in Note 19.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty (Continued)

Estimated impairment loss on trade and other receivables

The policy for impairment of trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of these receivables and on management's estimation. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional impairment may be required. As at 31 December 2014, the carrying amount of trade and other receivables was approximately RMB78,204,000 (2013: RMB48,191,000), net of accumulated impairment loss of approximately RMB4,320,000 (2013: RMB4,742,000).

Share-based payment expenses

The fair value of share options granted at the grant date to the directors, employees and consultants is expensed on a straight-line basis over the vesting period or recognised as an expense in full at grant date when the share options granted vest immediately, with a corresponding adjustment to the Group's share options reserve. In assessing the fair value of the share options, the generally accepted option pricing models were used to calculate the fair value of the share options. The option pricing models require the input of subjective assumptions, including the volatility of its own ordinary shares and the expected life of options etc. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital structure to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014	2013
	RMB'000	RMB'000
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	162,770	132,651
Available-for-sale investments	–	1,953
Financial liabilities		
At amortised cost	34,019	42,539

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amount due from an associate/a director/non-controlling interest holder, bank balances and cash, trade and other payables, amount due to a shareholder and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

As at 31 December 2014 and 2013, no transaction denominated in currencies other than the respective functional currencies of the relevant group entities, i.e. RMB or HK$, except for bank balances and other payables are denominated in foreign currencies. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging the potential foreign currency exposure should the need arise.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(i) Currency risk *(Continued)*

The carrying amounts of the Group's monetary assets and liabilities denominated in currencies other than the respective functional currencies of the relevant group entities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**21**	32	**898**	876
HK$	**699**	863	**–**	–

Sensitivity analysis

The Group is mainly exposed to RMB and HK$.

The following table details the Group's sensitivity to a 10% (2013: 10%) increase and decrease in the functional currencies of the relevant group entities, RMB or HK$, against the relevant foreign currencies. 10% (2013: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2013: 10%) change in foreign currency rates.

A negative number below indicates an increase in post-tax profit for the year where the respective functional currency (HK$ or RMB) strengthens 10% (2013: 10%) against the relevant foreign currency (RMB or HK$). For a 10% (2013: 10%) weakening of respective functional currency (HK$ or RMB) against the relevant foreign currency (RMB or HK$), there would be an equal and opposite impact on the profit for the year and the balances below would be positive.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(i) Currency risk *(Continued)*

Sensitivity analysis (Continued)

	Effect on profit or loss	
	2014	2013
	RMB'000	RMB'000
HK$ strengthen against RMB by 10%	**(73)**	(70)
RMB strengthen against HK$ by 10%	**52**	65

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (see Note 28 for details). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 24 for details) carried at prevailing market rates.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate is mainly concentrated on the fluctuation of prevailing market rates arising from the Group's bank balances denominated in HK$ and RMB base deposit rate stipulated by the People's Bank of China arising from the Group's bank balances denominated in RMB.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2013: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2013: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2014 would increase/decrease by approximately RMB63,000 (2013: RMB188,000).

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

With respect to credit risk arising from amount due from a director, as at 31 December 2013, the Group's exposure to credit risk arising from default of this counterparty is limited as the amount is subsequently settled during the year ended 31 December 2014. The Group does not expect to incur a significant loss for uncollected amount due from this party.

Regarding to the amount due from non-controlling interest holder, as at 31 December 2014, accumulated impairment loss of approximately RMB203,000 (2013: RMB203,000) was recognised having considered the financial position of the non-controlling interest holder and the dividend policy of the respective group entity as at the end of the reporting period.

Regarding to the amount due from an associate, as at 31 December 2013, the carrying amount was approximately RMB11,740,000 (2014: nil), net of accumulated impairment loss of approximately HK$9,467,000 (equivalent to approximately RMB7,396,000) (2014: nil). The Group's exposure to credit risk arising from the default of the associate on the outstanding amount is limited as the associate has sufficient net assets to repay the remaining debts. The amount due from an associate was disposed of through disposal of subsidiaries during the year ended 31 December 2014 as mentioned in Note 39(ii).

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is in the PRC, which accounted for 100% (2013: 100%) of the total trade receivables as at 31 December 2014.

The Group has concentration of credit risk as 5% (2013: 74%) and 30% (2013: 74%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within advertising media and other media segments.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group and the Company aim to maintain flexibility in funding by keeping committed credit lines available.

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board of Directors when the borrowings exceed certain predetermined levels of authority.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity tables

	On demand or within one year RMB'000	**Total undiscounted cash flows** RMB'000	**Carrying amount** RMB'000
As at 31 December 2014			
Non-derivative financial liabilities			
Trade and other payables	**28,989**	**28,989**	**28,989**
Amount due to a shareholder	**30**	**30**	**30**
Bank and other borrowings	**5,100**	**5,100**	**5,000**
	34,119	**34,119**	**34,019**
As at 31 December 2013			
Non-derivative financial liabilities			
Trade and other payables	22,976	22,976	22,976
Amount due to a shareholder	1,563	1,563	1,563
Bank and other borrowings	18,360	18,360	18,000
	42,899	42,899	42,539

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) *Fair value measurements recognised in the consolidated statement of financial position*

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their corresponding fair value due to short-term maturities.

7. REVENUE

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

	2014	2013
	RMB'000	RMB'000
LED advertising services income	**–**	437
Media business consultancy and TV programmes distribution income	**7,378**	30,690
Educational consultancy and online training and education services income	**69,528**	67,223
	76,906	98,350

An analysis of the Group's revenue by segments is set out in note 8.

8. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Advertising media – provision of advertising services in respect of placing advertisements on the outdoor billboards and LED screens of the Group to advertisers and advertising agencies;

2. Other media – provision of consultancy and media business operation services and TV programmes distribution services;

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

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

During the year ended 31 December 2013, there was a new reportable and operating segment regarding educational consultancy and online training and education upon the acquisition of a subsidiary as disclosed in Note 38.

8. *SEGMENT INFORMATION* *(Continued)*

Segment revenue and results

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

For the year ended 31 December 2014

	Advertising media RMB'000	Other media RMB'000	Securities trading RMB'000	Educational consultancy and online training and education RMB'000	Total RMB'000
REVENUE					
External sales	–	7,378	–	69,528	76,906
Segment profit	32	6,097	–	23,199	29,328
Gain on disposal of subsidiaries					17,690
Unallocated other income					511
Unallocated corporate expenses					(18,945)
Finance costs					(90)
Profits before tax					28,494

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 December 2013

	Advertising media RMB'000	Other media RMB'000	Securities trading RMB'000	Educational consultancy and online training and education RMB'000	Total RMB'000
REVENUE					
External sales	437	30,690	–	67,223	98,350
Segment (loss) profit	(13,030)	18,311	–	52,092	57,373
Increase in fair value of derivative financial liabilities					(15,263)
Reversal of impairment loss on amount due from an associate					7,520
Unallocated other income					1,851
Unallocated corporate expenses					(24,420)
Finance costs					(5,534)
Profits before tax					21,527

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emoluments, interest income, reversal of impairment loss recognised on amount due from an associate, write off of other payable, gain on disposal of subsidiaries, certain finance costs, certain write off of other receivables and depreciation of certain plant and equipment. This is the measure reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

8. *SEGMENT INFORMATION* *(Continued)*

Segment assets and liabilities

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

	2014	2013
	RMB'000	RMB'000
Segment assets		
Advertising media	**307**	5,228
Other media	**69,905**	45,934
Securities trading	**–**	–
Educational consultancy and online training and education	**475,708**	500,187
Total segment assets	**545,920**	551,349
Unallocated corporate assets	**105,255**	80,508
Consolidated assets	**651,175**	631,857
Segment liabilities		
Advertising media	**11,228**	14,350
Other media	**17,154**	28
Securities trading	**–**	–
Educational consultancy and online training and education	**16,455**	10,023
Total segment liabilities	**44,837**	24,401
Unallocated corporate liabilities	**39,651**	72,364
Consolidated liabilities	**84,488**	96,765

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

- all assets are allocated to operating segments other than certain plant and equipment, available-for-sale investments, amounts due from an associate/a director/non-controlling interest holder, certain other receivables and bank balances and cash; and

- all liabilities are allocated to operating segments other than certain other payables, amount due to a shareholder, income tax payable, deferred tax liability and certain bank and other borrowings.

8. *SEGMENT INFORMATION* *(Continued)*

Other segment information

For the year ended 31 December 2014

	Advertising media RMB'000	Other media RMB'000	Securities trading RMB'000	Educational consultancy and online training and education RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (Note)	30	–	–	2,551	–	2,581
Depreciation and amortisation	601	14	–	14,321	1,435	16,371
Loss on disposal of plant and equipment	2	–	–	–	–	2
Impairment loss on plant and equipment	570	–	–	–	–	570
Impairment loss on intangible assets	368	–	–	–	–	368
Write off of trade and other payables	(3,410)	–	–	–	–	(3,410)
Share of result of an associate	–	–	–	–	209	209
Impairment loss on trade and other receivables	112	–	–	–	–	112
Write off of other receivables	–	805	–	–	735	1,540
Reversal of impairment loss on trade and other receivables	–	(535)	–	–	–	(535)
Interest in an associate	–	–	–	841	–	841
Interest expenses	–	300	–	–	90	390
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Interest income	–	–	–	–	(511)	(511)
Share-based payment expenses	–	–	–	–	1,257	1,257
Income tax expense	–	1,595	–	2,964	–	4,559

8. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2013

	Advertising media RMB'000	Other media RMB'000	Securities trading RMB'000	Educational consultancy and online training and education RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (Note)	3,450	28	–	480,145	1,238	484,861
Depreciation and amortisation	2,466	4	–	4,637	1,691	8,798
Impairment loss on intangible assets	2,803	–	–	–	–	2,803
Impairment loss on amount due from non-controlling interest holder	203	–	–	–	–	203
Provision for a claim	3,222	–	–	–	–	3,222
Write off of trade and other payables	–	–	–	–	(1,792)	(1,792)
Reversal of impairment loss on amount due from an associate	–	–	–	–	(7,520)	(7,520)
Reversal of impairment loss on trade and other receivables	(363)	(187)	–	–	–	(550)
Interest expenses	–	–	–	–	5,534	5,534
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Interest income	–	–	–	–	(55)	(55)
Share-based payment expenses	–	–	–	–	1,169	1,169
Increase in fair value of derivative financial liabilities	–	–	–	–	15,263	15,263
Income tax expense	6	4,525	–	6,613	–	11,144

Note:

Non-current assets excluded available-for-sale investments.

8. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in the PRC and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations and all of the Group's revenue are from the PRC for both years. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	2014	2013
	RMB'000	RMB'000
PRC	**485,643**	493,152
Hong Kong	**2,067**	3,423
	487,710	496,575

Note:

Non-current assets excluded available-for-sale investments.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2014	2013
	RMB'000	RMB'000
Customer A[1]	**10,134**	N/A[2]
Customer B[1]	**9,199**	N/A[2]
Customer C[1]	**8,112**	N/A[2]
Customer D[1]	**N/A[2]**	18,733
Customer E[1]	**N/A[2]**	18,304
Customer F[1]	**N/A[2]**	13,553

1 Revenue from educational consultancy and online training and education.

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

9. OTHER INCOME

	2014 RMB'000	2013 RMB'000
Reversal of impairment loss on trade and other receivables	**535**	550
Interest income	**511**	55
Government subsidies (Note)	**74**	1,761
Write off of trade and other payables	**3,410**	1,792
Others	**176**	4
	4,706	4,162

Note: Government subsidies were designated for the encouragement of creative media business development incentive. All conditions in respect of these grants had been fulfilled and such government grants were recognised in other income for both years.

10. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Interest on bank and other borrowings wholly repayable within five years	**390**	360
Effective interest expenses on convertible loan notes (Note 29)	**–**	5,174
	390	5,534

11. INCOME TAX EXPENSE

	2014 RMB'000	2013 RMB'000
PRC Enterprise Income Tax		
– current year	**6,618**	11,910
Deferred tax (Note 33)	**(2,059)**	(766)
	4,559	11,144

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. During the years ended 31 December 2014 and 2013, a PRC subsidiary, Chuanglian Zhongren, of the Group was recognised as high technology enterprise and entitled a preferential tax rate of 15%.

11. *INCOME TAX EXPENSE (Continued)*

Provision for PRC Enterprise Income Tax has been made for the years ended 31 December 2014 and 2013 based on the estimated assessable profit derived from the PRC.

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2014 and 2013 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.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	RMB'000	RMB'000
Profit before tax	**28,494**	21,527
Tax at the domestic income tax rate of 25% (2013: 25%)	**7,124**	5,382
Tax effect of expenses not deductible for tax purpose	**5,401**	11,111
Tax effect of income not taxable for tax purpose	**(4,587)**	(1,701)
Tax effect of utilisation of tax losses previously not recognised	**(1,082)**	(1,510)
Tax effect of tax losses not recognised	**1,051**	2,778
Tax effect of tax concession period	**(3,348)**	(4,919)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	3
Income tax expense for the year	**4,559**	11,144

Note:

The domestic tax rate of 25% (2013: 25%) in the jurisdiction where the operation of the Group is substantially based is used.

As at 31 December 2014, the Group has unused tax losses of approximately RMB103,264,000 (2013: RMB103,127,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

The tax losses of approximately HK$53,690,000 (equivalent to approximately RMB43,024,000) (2013: HK$53,690,000 (equivalent to approximately RMB41,945,000)) may be carried forward indefinitely while the tax losses of approximately RMB60,240,000 (2013: RMB61,182,000) will be expired in the next five years.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB4,653,000 (2013: RMB3,450,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2014 RMB'000	2013 RMB'000
Directors' emoluments (Note 13)	**1,475**	2,052
Other staff costs (excluding directors' and chief executive's emoluments)	**14,567**	8,859
Share-based payment expenses (excluding directors' and chief executive's emoluments)	**1,136**	1,057
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	**1,118**	671
Total staff costs	**18,296**	12,639
Auditor's remuneration	**955**	791
Share-based payment expenses granted to consultants (Note)	**104**	96
Depreciation of plant and equipment	**5,227**	4,510
Amortisation of intangible assets (included in cost of services)	**11,144**	4,288
Impairment loss on trade and other receivables	**112**	–
Write off of other receivables	**1,540**	–
Impairment loss on amount due from non-controlling interest holder	**–**	203
Net foreign exchange losses	**3**	126
Impairment loss on intangible assets (included in cost of services)	**368**	2,803
Impairment loss on plant and equipment	**570**	–
Loss on disposal of plant and equipment	**2**	–
Operating lease rentals in respect of rented premises	**8,103**	7,445

Note:

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

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the seven (2013: eight) directors and chief executive were as follows:

For the year ended 31 December 2014

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Executive directors:					
Li Qing					
(resigned on 7 July 2014)	–	233	14	–	247
Li Jia	478	165	10	–	653
Lu Xing					
(appointed on 11 December 2014)	24	5	–	–	29
Liu Zhong Hua					
(appointed on 10 September 2014)	96	50	2	–	148
Independent non-executive directors:					
Leung Siu Kee	96	31	–	–	127
Han Bing	96	31	–	–	127
Wang Shuping	96	31	–	17	144
Total	886	546	26	17	1,475

13. *DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)*

For the year ended 31 December 2013

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Executive directors:					
Chen Fu Ju (resigned on 1 March 2013)	–	97	2	–	99
Li Qing	–	500	14	–	514
Yan Dake (resigned on 31 December 2013)	–	496	11	–	507
Li Jia (appointed on 1 August 2013)	198	296	9	–	503
Non-executive director:					
Ng Siu Lai (resigned on 1 August 2013)	55	13	–	–	68
Independent non-executive directors:					
Leung Siu Kee	95	21	–	–	116
Han Bing	95	21	–	–	116
Wang Shuping (appointed on 11 January 2013)	92	21	–	16	129
Total	535	1,465	36	16	2,052

None of the directors waived or agreed to waive any emoluments paid by the Group during the two years ended 31 December 2014. No emoluments were paid or payable by the Group to any directors as an inducement to join or upon joining the Group, or as compensation for loss of the office during the two years ended 31 December 2014.

The Company did not appoint a chief executive during the years ended 31 December 2014 and 2013. Mr. Li Qing performed the duties of chief executive. His emolument disclosed above included those services rendered by Mr. Li Qing.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2013: four) were directors and chief executive of the Company whose emoluments are included in the disclosures in Note 13 above. The emoluments of the remaining three (2013: one) individuals were as follows:

	2014	2013
	RMB'000	RMB'000
Salaries and other benefits	**1,659**	770
Retirement benefits scheme contributions	**46**	12
Share-based payment expenses	**207**	–
	1,912	782

Their emoluments were within the following bands:

	Number of employees	
	2014	2013
Nil to HK$1,000,000 (equivalent to approximately RMB796,000 (2013: RMB802,000))	**3**	1

No emoluments were paid or payable by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the two years ended 31 December 2014.

15. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

16. 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:

Profit	2014 RMB'000	2013 RMB'000
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**24,233**	7,712

Number of shares	2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,169,023**	2,358,495

The preference shares to be issued under contingent consideration arrangement as mentioned in Note 38 was included in the computation of basic earnings per share for the year ended 31 December 2013 as the profit guarantee was met as at 31 December 2013.

Diluted earnings per share is same as basic earnings per share for the years ended 31 December 2013 and 2014. The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options were higher than the weighted average market price for share.

17. PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Furniture and fixtures RMB'000	Computers and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2013	6,607	166	3,021	4,359	1,587	15,740
Exchange realignment	(110)	(4)	(5)	(99)	–	(218)
Additions	4,624	101	200	–	–	4,925
Acquired on acquisition of a subsidiary (Note 38)	994	511	1,221	780	–	3,506
At 31 December 2013	**12,115**	**774**	**4,437**	**5,040**	**1,587**	**23,953**
Exchange realignment	**94**	**4**	**4**	**93**	**–**	**195**
Additions	**–**	**240**	**291**	**–**	**–**	**531**
Disposals	**–**	**–**	**(18)**	**–**	**–**	**(18)**
Disposal of subsidiaries (Note 39(ii))	**(2,774)**	**(8)**	**(14)**	**–**	**–**	**(2,796)**
At 31 December 2014	**9,435**	**1,010**	**4,700**	**5,133**	**1,587**	**21,865**
DEPRECIATION AND IMPAIRMENT						
At 1 January 2013	4,698	89	1,365	1,662	1,017	8,831
Exchange realignment	(74)	(3)	(3)	(38)	–	(118)
Provided for the year	2,653	166	1,050	641	–	4,510
At 31 December 2013	**7,277**	**252**	**2,412**	**2,265**	**1,017**	**13,223**
Exchange realignment	**61**	**3**	**3**	**48**	**–**	**115**
Provided for the year	**3,047**	**301**	**1,109**	**770**	**–**	**5,227**
Impairment loss recognised	**–**	**–**	**–**	**–**	**570**	**570**
Disposals	**–**	**–**	**(8)**	**–**	**–**	**(8)**
Disposal of subsidiaries (Note 39(ii))	**(2,774)**	**(8)**	**(14)**	**–**	**–**	**(2,796)**
At 31 December 2014	**7,611**	**548**	**3,502**	**3,083**	**1,587**	**16,331**
CARRYING VALUES						
At 31 December 2014	**1,824**	**462**	**1,198**	**2,050**	**–**	**5,534**
At 31 December 2013	4,838	522	2,025	2,775	570	10,730

17. PLANT AND EQUIPMENT *(Continued)*

The above items of plant and equipment are depreciated on a straight-line basis, after taking into account of their estimated residual values, at the following rates per annum:

Leasehold improvements	Over the term of the leases
Furniture and fixtures	20% – 33%
Computers and equipment	20% – 33%
Motor vehicles	12.5% – 20%

During the year ended 31 December 2014, the directors of the Company conducted a review on the Group's plant and equipment and determined that the construction in progress was impaired, due to the abandon of the construction in progress. Accordingly, an accumulated impairment losses of approximately RMB1,587,000 (2013: RMB1,017,000) has been recognised in respect of the construction in progress, which is used in the advertising media segment.

18. INTANGIBLE ASSETS

	LED displays advertising right RMB'000 Note (i)	**Consultancy service contracts** RMB'000 Note (ii)	**Other advertising right** RMB'000 Note (iii)	**Software** RMB'000 Note (iv)	**Customer relationship** RMB'000 Note (iv)	**Total** RMB'000
COST						
At 1 January 2013	680,320	43,560	1,175	–	–	725,055
Acquired on acquisition of a subsidiary (Note 38)	–	–	–	8,417	108,274	116,691
Exchange realignment	–	(1,157)	(31)	(25)	(1,083)	(2,296)
At 31 December 2013	**680,320**	**42,403**	**1,144**	**8,392**	**107,191**	**839,450**
Addition	**–**	**–**	**–**	**1,000**	**–**	**1,000**
Exchange realignment	**–**	**–**	**–**	**26**	**1,090**	**1,116**
At 31 December 2014	**680,320**	**42,403**	**1,144**	**9,418**	**108,281**	**841,566**
AMORTISATION AND IMPAIRMENT						
At 1 January 2013	676,925	43,560	1,175	–	–	721,660
Provided for the year	200	–	–	1,457	2,631	4,288
Impairment loss recognised	2,803	–	–	–	–	2,803
Exchange realignment	–	(1,157)	(31)	(5)	(33)	(1,226)
At 31 December 2013	**679,928**	**42,403**	**1,144**	**1,452**	**2,598**	**727,525**
Provided for the year	**24**	**–**	**–**	**3,902**	**7,218**	**11,144**
Impairment loss recognised	**368**	**–**	**–**	**–**	**–**	**368**
Exchange realignment	**–**	**–**	**–**	**12**	**34**	**46**
At 31 December 2014	**680,320**	**42,403**	**1,144**	**5,366**	**9,850**	**739,083**
CARRYING VALUES						
At 31 December 2014	**–**	**–**	**–**	**4,052**	**98,431**	**102,483**
At 31 December 2013	392	–	–	6,940	104,593	111,925

18. *INTANGIBLE ASSETS* *(Continued)*

Notes:

(i) LED displays advertising right represents the operating right to operate outdoor advertising LED displays business in the PRC. The operating right was acquired through acquisition of the entire issued share capital of Precious Luck Enterprises Limited ("Precious Luck") during the year ended 31 December 2010.

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

As at 31 December 2013, the management reviewed the recoverable amount of the intangible asset with reference to the valuation issued by an independent qualified professional valuer not connected to the Group.

The recoverable amount of the intangible asset is determined from the discounted cash flows value-in-use approach as extracted from the valuer's valuation report for the recoverable amount as at 31 December 2013. The Group prepared cash flow forecasts derived from the most recent budgets approved by management and extrapolated over 16 years. The key assumptions for the discounted cash flow forecast were those regarding discount rates and anticipated future sales, as follows:

- Projected cash flows are based on sales and business plans derived from the advertising media business plans which is prepared by the directors of the Company based on their best knowledge and current situation of the industry. Expected cash inflows/outflows, which include budgeted sales and gross margin, have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying value to exceed the aggregate recoverable amount.

- Management used a discount rate which is derived as the Company's weighted average cost of capital, representing the expected return on the Company's capital, and assigned a pre-tax discount rate of 20.71%.

- The cash flows beyond 5-year period are extrapolated using zero growth rate. The growth rate is set by the management with reference to the relevant industry growth rate and the average long-term growth rate for the relevant industry.

Subsequent to the year ended 31 December 2014, the directors of the Company considered the LED outdoor advertising business had slowed down and entered into agreements with a non-controlling shareholder to transfer all assets and liabilities regarding the LED outdoor advertising business to the non-controlling shareholder in exchange of 49% equity interest of a subsidiary of the Company. After the transaction, such subsidiary is wholly-owned by the Group which is in net liability position and become inactive. The Group recognised a impairment loss of approximately RMB368,000 (2013: RMB2,803,000) in relation to LED display advertising right as the directors of the Company considered that there is no value for the 49% equity interest of the subsidiary acquired.

18. INTANGIBLE ASSETS *(Continued)*

Notes: *(Continued)*

(ii) Consultancy service contracts represent exclusive consultancy service agreements for media business obtained through the acquisition of the entire issued share capital of Bold Champion International Limited ("Bold Champion") on 25 March 2011.

The intangible asset is amortised on a straight-line basis over its estimated useful lives of 10 years according to the terms of the consultancy service contracts.

As at 31 December 2012, the management reviewed the recoverable amount of the intangible asset with reference to the valuation issued by an independent qualified professional valuer not connected to the Group.

The recoverable amount has been determined on the basis of value-in-use calculations, which use cash flow projections based on financial budgets approved by management covering a 10-year period and a pre-tax discount rate of 17.14%. Cash flows beyond 3-year period are assumed constant with 0% growth rate up to the end of service contracts. The forecast turnover is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period are also based on the budgeted consultancy service income and expected gross margins during the budget period. Expected cash inflows/outflows, which include budgeted consultancy service income and gross margin have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying value of intangible asset to exceed the recoverable amount of intangible asset.

During the year ended 31 December 2012, the Group recognised an full impairment loss of approximately RMB35,937,000 in relation to consultancy service contracts as the directors of the Group expected that there is a significant decline in income derived from providing consultancy services upon the change in business plan of its customers during the year ended 31 December 2012 of which no profit would be expected to be generated in foreseeable future. No material revenue generated from those consultancy service contracts as at 31 December 2013 and 2014.

(iii) Other advertising right represents fees paid for obtaining the exclusive operating right for advertising billboards located on highways in Hebei Province, the PRC. Other advertising right is measured initially at purchase cost and amortised on a straight-line basis over their estimated useful lives of 10 years, less any impairment losses. During the year ended 31 December 2011, certain advertising billboards have been obtained and the corresponding deposit paid for acquisition of the intangible asset of HK$1,464,000 (equivalent to approximately RMB1,229,000) have been transferred to intangible asset upon obtaining the right.

As at 31 December 2014 and 2013, no reversal of impairment loss in relation to other advertising right as the directors of the Company considered that the respective advertising business in Hebei Province was not carried in according to the designated schedule and losses were incurred without satisfactory income streams to the Group.

18. INTANGIBLE ASSETS *(Continued)*

Notes: *(Continued)*

(iv) Software represented an online training and education platform which aims at providing end-users an online learning environment which acquired through an acquisition of Housden Holdings on 8 August 2013.

Development cost of the online training and education platform is recognised in accordance with "HKAS 38 Intangible Assets" which expenditures to be capitalised should fulfill all the requirements stated. The management of Housden Holdings was in the view that the platform has an useful life of 5 years from past experience and with reference to other software provider companies.

Customer relationship represented the signed agreements with local training organisations of civil servants and professionals and technicians to provide customised online training and education services. A subsidiary of Housden Holdings, 北京中人光華教育有限公司 ("中人光華"), is authorised by Ministry of Human Resources and Social Security of the PRC to provide online training and education programmes for civil servants and professionals and technicians in the PRC. According to the management, 中人光華 has spent substantial time and resources to negotiate customised training plans with local training organisations. The director of the Company was in the view that the customer relationship has an useful life of 15 years with reference to turnover rate of the customers.

At the date of completion of acquisition, the fair value of the online training and education platform and customer relationship were approximately RMB8,417,000 and RMB108,274,000 respectively based on valuation report from an independent qualified professional valuer.

As at 31 December 2014, the management reviewed the recoverable amounts of the intangible assets with reference to the valuation issued by an independent qualified professional valuer not connected to the Group.

The recoverable amounts have been determined on the basis of value-in-use calculations, which use cash flow projections based on financial budgets approved by management covering a 4-year (2013: 4-year) period and a pre-tax discount rate of 31.12% (2013: 28.01%). Cash flows beyond 4-year (2013: 4-year) period are assumed constant with 3% (2013: 3%) growth rate. The growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period is also based on the budgeted educational consultancy service income and online training and education services income and expected gross margins during the budget period. Expected cash inflows/outflows, which include budgeted educational consultancy service income and online training and education services income and gross margin have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying values of the intangible assets to exceed their recoverable amounts. No impairment loss was provided for the year ended 31 December 2014.

19. GOODWILL

	RMB'000
COST	
At 1 January 2013	18,262
Arising on acquisition of a subsidiary (Note 38)	359,739
Exchange realignment	(4,081)
At 31 December 2013	373,920
Exchange realignment	4,932
At 31 December 2014	378,852
CARRYING VALUES	
At 31 December 2014	378,852
At 31 December 2013	373,920

The carrying amounts of goodwill as at 31 December 2014 and 2013 allocated to these units are as follows:

	2014 **RMB'000**	2013 RMB'000
Other media – Bold Champion	**19,113**	17,777
Educational consultancy and online training and education – Housden Holdings	**359,739**	356,143
	378,852	373,920

19. GOODWILL *(Continued)*

Bold Champion

Goodwill was arising on the acquisition of Bold Champion during the year ended 31 December 2011. The recoverable amount of Bold Champion has been determined on the basis of value-in-use calculations, which use cash flow projections based on financial budgets approved by management covering a 5-year (2013: 5-year) period and a pre-tax discount rate of 28.83% (2013: 27.23%). Cash flows beyond 5-year (2013: 5-year) period are assumed constant with 0% growth rate (2013: 0%). The forecast turnover is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period is also based on the budgeted consultancy service income and TV programmes distribution services income and expected gross margins during the budget period. Expected cash inflows/outflows, which include budgeted consultancy service income and gross margin have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying value of goodwill to exceed the recoverable amount of goodwill. No impairment loss was provided for the two years ended 31 December 2014.

Housden Holdings

Goodwill was arising on the acquisition of Housden Holdings during the year ended 31 December 2014. The recoverable amount of Housden Holdings has been determined on the basis of value-in-use calculations, which use cash flow projections based on financial budgets approved by management covering a 4-year (2013: 4-year) period and a pre-tax discount rate of 31.12% (2013: 28.01%). Cash flows beyond 4-year (2013: 4-year) period are assumed constant with 3% (2013: 3%) growth rate. The growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period is also based on the budgeted educational consultancy service income and online training and education services income and expected gross margins during the budget period. Expected cash inflows/outflows, which include budgeted educational consultancy service income and online training and education services income and gross margin have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying value of goodwill to exceed the recoverable amount of goodwill. No impairment loss was provided for the year ended 31 December 2014.

20. INTEREST IN AN ASSOCIATE

	2014 **RMB'000**	2013 RMB'000
Cost of investment in an associate		
Unlisted equity interest	**1,050**	–
Share of post-acquisition results	**(209)**	–
	841	–

As at 31 December 2014 and 2013, the Group had interests in the following associate:

Name of entity	Form of entity	Country of incorporation/ registration	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital held by the Group 2014	2013	Principal activity
Apex One Enterprises Limited ("Apex One")	Incorporated	The BVI	Hong Kong	Ordinary	**–** **(note a)**	49%	Trading of securities
廣西北部灣國聯集創教育投資有限公司	Incorporated	The PRC	The PRC	Registered capital	**35%**	–	Inactive

Note a: On 16 September 2014, investment in Apex One was disposed of through the disposal of subsidiaries (Note 39(ii)) to an independent third party. The amounts of unrecognised share of loss of the associate, extracted from the relevant financial statements of the associate, both for the year and cumulatively, are as follows:

	2014 **RMB'000**	2013 RMB'000
Unrecognised share of loss of associate for the period/year	**N/A**	N/A
Accumulated unrecognised share of losses of associate	**N/A**	3,988

The financial information and carrying amount of the Group's interest in an associate that are not individually material and are accounted for using the equity method are set out below:

	2014 **RMB'000**	2013 RMB'000
The Group's share of loss and total comprehensive expense	**209**	–
Carrying amount of the Groups' interest in the associate	**841**	–

21. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2014 RMB'000	2013 RMB'000
Unlisted equity securities, at cost	**–**	1,953

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in Hong Kong. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. The unlisted equity investments were disposed of through the disposal of subsidiaries as mentioned in Note 39(ii).

22. TRADE AND OTHER RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade receivables	**18,969**	29,096
Less: impairment loss recognised	**(4,183)**	(4,606)
	14,786	24,490
Deposits for TV programmes production (Note a)	**43,455**	22,645
Other receivables	**1,509**	1,192
Less: impairment loss recognised	**(137)**	(136)
	44,827	23,701
Deferred cash consideration for disposal of a subsidiary (Note b)	**18,591**	–
Deposits	**1,205**	21,451
Prepayments	**695**	678
	80,104	70,320

The Group does not hold any collateral over these receivables.

Notes:

a) The balance represented the deposits for TV programmes production paid to TV programmes production companies. The balance is unsecured, non-interest bearing and refundable upon cancellation of TV programmes production.

b) The balance represented the consideration receivable for disposal of a subsidiary of HK$23,200,000 (equivalent to approximately RMB18,591,000) as at 31 December 2014. Details of the disposal of the subsidiary are disclosed in Note 39(ii).

22. *TRADE AND OTHER RECEIVABLES* *(Continued)*

Trade receivables are due according to the terms on the relevant contracts as at 31 December 2014 and 2013. The following is an aged analysis of trade receivables net of accumulated impairment losses presented based on the invoice date at the end of reporting period which approximate the respective revenue recognition date.

	2014	2013
	RMB'000	RMB'000
Within 30 days	**6,287**	211
31 to 60 days	**504**	18,461
61 to 180 days	**2,796**	739
181 to 365 days	**4,817**	4,579
Over 365 days	**382**	500
	14,786	24,490

As at 31 December 2014, included in the Group's trade receivables balances were approximately RMB9,587,000 (2013: RMB19,257,000) which was not yet due according to the contract terms as at the end of the reporting period. Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Ageing of trade receivables which are past due but not impaired

	2014	2013
	RMB'000	RMB'000
61 to 180 days	**–**	221
181 to 365 days	**4,817**	4,512
Over 365 days	**382**	500
	5,199	5,233

As at 31 December 2014, included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately RMB5,199,000 (2013: RMB5,233,000) which were past due as at the reporting date for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Movement in the impairment losses on trade receivables

	2014 RMB'000	2013 RMB'000
1 January	**4,606**	6,967
Amounts written off during the year as uncollectible	**–**	(2,174)
Impairment losses recognised	**112**	–
Impairment losses reversed	**(535)**	(187)
31 December	**4,183**	4,606

As at 31 December 2014, included in the impairment loss on trade receivables are individually impaired trade receivables with an aggregate balance of approximately RMB4,183,000 (2013: RMB4,606,000). The individually impaired receivables are recognised based on the credit history of its customer and current market conditions.

Movement in the impairment losses on other receivables

	2014 RMB'000	2013 RMB'000
1 January	**136**	3,429
Exchange realignment	**1**	(8)
Addition on acquisition of a subsidiary	**–**	51
Amounts written off during the year as uncollectible	**–**	(2,973)
Reversal of impairment losses recognised in previous year	**–**	(363)
31 December	**137**	136

As at 31 December 2014, included in the impairment loss on other receivables are individually impaired other receivables with an aggregate balance of approximately RMB137,000 (2013: RMB136,000) are made for long outstanding receivables, which theirs recoverability is considered doubtful by the management of the Company.

As at 31 December 2013, included in deposits is a guarantee deposit of HK$25,000,000 (equivalent to approximately RMB19,531,000) placed to a related party of the lender to secure an other borrowing of RMB18,000,000 as disclosed in Note 28. During the year ended 31 December 2014, the deposit of HK$25,000,000 (equivalent to approximately RMB19,945,000) was utilised to settle the outstanding other loan of RMB18,000,000 and the accrued interest payable of approximately RMB1,210,000 and write off of other receivable of approximately RMB735,000 was recognised as administrative expense.

As at 31 December 2013, included in deposits for TV programmes production of approximately RMB16,465,000 was transferred to an independent third party at cash consideration of approximately RMB15,660,000 and write off of other receivables of approximately RMB805,000 was recognised as administrative expense during the year ended 31 December 2014.

23. AMOUNTS DUE FROM AN ASSOCIATE/A DIRECTOR/NON-CONTROLLING INTEREST HOLDER

The amounts are unsecured, non-interest bearing and repayable on demand.

As at 31 December 2013, included in the amount due from an associate, is accumulated impairment loss of approximately HK$9,467,000 (equivalent to approximately RMB7,396,000) (2014: nil) has been recognised. The outstanding balance was disposed of through disposal of subsidiaries as disclosed in Note 39(ii).

Movement in the impairment losses on amount due from an associate

	2014 RMB'000	2013 RMB'000
1 January	**7,396**	15,228
Exchange realignment	**114**	(312)
Derecognised upon disposal of a subsidiary	**(7,510)**	–
Reversal of impairment loss during the year	**–**	(7,520)
31 December	**–**	7,396

As at 31 December 2013, included in the impairment loss on amount due from an associate of approximately RMB7,396,000 (2014: nil) is individually impaired which was based on its financial position.

As at 31 December 2014, an accumulated impairment loss of approximately RMB203,000 has been recognised on the amount due from non-controlling interest holder (2013: RMB203,000).

The amount due from a director, Han Bing, was arising from the outstanding consideration upon exercise of share options during the year ended 31 December 2013 and the balance was settled during the year ended 31 December 2014. The maximum balance outstanding during the year was approximately RMB352,000 (2013: RMB352,000).

24. BANK BALANCES AND CASH

Bank balances carried interest at market rates which range from 0.01% to 1.35% (2013: 0.01% to 0.35%) per annum.

Included in the bank balances and cash are the following amounts denominated in a currency other than the functional currency of relevant group entities:

	2014 RMB'000	2013 RMB'000
RMB	**21**	32
HK$	**699**	863

25. TRADE AND OTHER PAYABLES

	2014 RMB'000	2013 RMB'000
Trade payables	205	3,792
Other payables	3,879	2,574
Fund advance for TV programmes production (note a)	11,790	–
Payable of litigation claim (Note 27)	10,639	–
Receipts in advance	12,763	4,993
Accruals	2,476	16,610
	41,752	27,969

Note a: The balance was unsecured, non-interest bearing and repayable on demand.

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

	2014 RMB'000	2013 RMB'000
Within 30 days	–	177
Over one year	205	3,615
	205	3,792

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.

As at 31 December 2013 and 2014, the Group's other payables that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	2014 RMB'000	2013 RMB'000
RMB	898	876

26. AMOUNT DUE TO A SHAREHOLDER

The amount is unsecured, non-interest bearing and repayable on demand.

27. PROVISION FOR A CLAIM

On 12 June 2010, an indirectly-owned subsidiary of the Company has been brought to the first court hearing at the Court by 日本赤見電機株式會社 ("Japan Chijian"). Japan Chijian has brought a claim on the dispute over the contractual undertakings in relation to the construction of the LED display panel at cash consideration of approximately RMB12,378,000 located in the PRC.

A hearing was held on 4 July 2012 at the Court. No decision had been concluded during the hearing, however, based on principal of equitable liability, the Court has revealed an arbitration of claim of RMB7,500,000 to be paid by the Group for the ownership of the LED display panel. On 12 December 2012, another hearing was brought but no decision had been recognised and concluded.

With reference to a legal opinion obtained from the PRC legal advisor as at 31 December 2012, likelihood of an unfavorable outcome is probable and the amount of the loss of RMB7,500,000 can be reasonably estimated. As a result, a provision of RMB7,500,000 in respect of such claim was made as at 31 December 2012.

On 13 December 2013, a decision has been concluded by the Court which the indirectly-owned subsidiary of the Company is ordered to pay approximately RMB10,593,000 plus the accrued interest with reference to the loan interest rate determined by the People's Bank of China as from 16 April 2008 until payment thereon to Japan Chijian and borne the related court expenses of approximately RMB129,000. However, an appeal was applied by the Group on 30 December 2013.

With reference to the decision of the Court, the amount of the loss of approximately RMB10,722,000 can be reasonably measured as at 31 December 2013 and an additional provision of RMB3,222,000 in respect of such claim was made during the year ended 31 December 2013.

On 9 April 2014, High Court promulgated the final decision which is final and conclusive, the High Court upheld the judgment issued by the Court but revised the aggregated legal claim payable. Accordingly, the indirectly-owned subsidiary of the Company has to pay an amount of approximately RMB10,342,000 plus the accrued interest with reference to the loan interest rate determined by the People's Bank of China as from 16 April 2008 until payment thereon to Japan Chijian and borne the related court expenses of approximately RMB206,000.

The total provision for the litigation claims in the consolidated financial statement of the Group as at 31 December 2013 was approximately RMB10,722,000 and the directors of the Company considered that the amount is adequate and no further provision is required. After due and careful consideration, the directors of the Company resolved not to lodge further appeal against the High Court ruling. The provision for a claim of approximately RMB10,722,000 was recognised as other payable and the Group has settled approximately RMB83,000 in respect of court expenses during the year ended 31 December 2014.

28. BANK AND OTHER BORROWINGS

	2014 RMB'000	2013 RMB'000
Bank borrowing, unsecured	**5,000**	–
Other borrowing, secured	**–**	18,000
	5,000	18,000

The carrying amount of bank and other borrowings are repayable within one year. The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 December 2013, other borrowing included an amount of RMB18,000,000 loan from an independent third party, which bears interest at 2% per annum and repayable within one year. The Group has placed a guarantee deposit of HK$25,000,000 (equivalent to approximately RMB19,945,000) to the related party of the lender to secure the borrowing. The loan was offsetted with the guarantee deposit during the year ended 31 December 2014 as disclosed in Note 22. After the offset arrangement, no party shall have any obligations towards or claims against each other.

As at 31 December 2014, the unsecured bank borrowing carries fixed-rate interest at 8% per annum.

29. CONVERTIBLE LOAN NOTES

(i) On 2 January 2010, the Company issued zero-coupon convertible loan notes with an aggregate principal amount of HK$756,000,000 (equivalent to approximately RMB659,262,000) (the "2010 Convertible Loan Notes") as partial settlement for the acquisition consideration of Precious Luck. The 2010 Convertible Loan Notes are denominated in HK$ and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the 2010 Convertible Loan Notes and their settlement date on 1 January 2015 at an initial conversion price of HK$0.519, subject to adjustments, per convertible loan note. If the 2010 Convertible Loan Notes have not been converted, it will be redeemed on 1 January 2015 at par.

The 2010 Convertible Loan Notes contain two components, liability and equity components. The equity component is presented in equity heading ("convertible loan notes equity reserve"). The effective interest rate of the liability component is 25% per annum.

During the year ended 31 December 2013, all outstanding 2010 Convertible Loan Notes had been converted into ordinary shares of the Company.

29. CONVERTIBLE LOAN NOTES *(Continued)*

(i) *(Continued)*

The movement of the liability and equity components of the 2010 Convertible Loan Notes was set out below:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
At 1 January 2013	13,948	20,205	34,153
Effective interest expenses (Note 10)	1,657	–	1,657
Conversion during the year (Note 31)	(15,401)	(20,205)	(35,606)
Exchange realignment	(204)	–	(204)
At 31 December 2013 and 2014	–	–	–

(ii) On 23 June 2011, the Company issued 8% convertible loan notes with an aggregate principal amount of RMB25,000,000 (the "2011 Convertible Loan Notes"). The 2011 Convertible Loan Notes are denominated in RMB and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the 2011 Convertible Loan Notes and their settlement date on 22 June 2013 at an initial conversion price of HK$0.49, subject to adjustments, per convertible loan note. If the 2011 Convertible Loan Notes have not been converted, it will be redeemed on 22 June 2013 at par. The 2011 Convertible Loan Notes shall carry an interest of 8% per annum, payable quarterly.

On 3 January 2012, the conversion price in force of the 2011 Convertible Loan Notes has been reset to HK$0.29 per conversion share due to the closing prices per share of the Company as quoted on the Stock Exchange for any five consecutive trading days at any time after the first six months from the date of issue of 2011 Convertible Loan Notes are less than the conversion price in force (i.e. HK$0.49 per conversion share), then the conversion price of the 2011 Convertible Loan Notes shall be reset at 80.1% of the average of the closing prices (or the par value of the ordinary share of the Company if it is higher). The conversion price of the 2011 Convertible Loan Notes shall only be reset once. Details of which are set out in the announcement of the Company dated 3 January 2012.

The 2011 Convertible Loan Notes contain two components, liability component and conversion option derivative. The conversion option is classified as conversion option derivative as the 2011 Convertible Loan Notes will be settled other than by the exchange of a fixed amount of cash or another financial asset (i.e. principal amount denominated in RMB) for a fixed number of the Company's own equity instruments (i.e. ordinary share denominated in HK$). The effective interest rate of the liability component is 25.26% per annum. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

On 20 June 2013, the Group entered an agreement with holders of 2011 Convertible Loan Notes to subscribe for an aggregate principal amount of RMB15,000,000 (the "2013 Convertible Loan Notes") which mirror the outstanding amount of 2011 Convertible Loan Notes as 2011 Convertible Loan Notes became due on 23 June 2013. For details of 2013 Convertible Loan Notes, please refer to Note 29(iv) below.

29. CONVERTIBLE LOAN NOTES *(Continued)*

(ii) *(Continued)*

The movement of the liability component and conversion option derivative of the 2011 Convertible Loan Notes was set out below:

	Liability component RMB'000	**Conversion option derivative** RMB'000 (Note 30)	**Total** RMB'000
At 1 January 2013	16,032	3,187	19,219
Effective interest expenses (Note 10)	1,821	–	1,821
Interest paid during the year	(600)	–	(600)
Conversion during the year (Note 31)	(2,457)	(174)	(2,631)
Gain arising on changes of fair value	–	(3,060)	(3,060)
Extinguishment during the year (Note 29 (iv))	(15,000)	–	(15,000)
Exchange realignment	204	47	251
At 31 December 2013 and 2014	–	–	–

(iii) On 10 December 2012, the Company issued 10% convertible loan notes with an aggregate principal amount of HK$25,000,000 (equivalent to approximately RMB20,000,000) (the "2012 Convertible Loan Notes"). The 2012 Convertible Loan Notes are denominated in HK$ and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the 2012 Convertible Loan Notes and their settlement date on 9 December 2014 at an initial conversion price of HK$0.281, subject to adjustments, per convertible loan note. If the 2012 Convertible Loan Notes have not been converted, it will be redeemed on 9 December 2014 at par. The 2012 Convertible Loan Notes shall carry on an interest of 10% per annum, payable quarterly.

The 2012 Convertible Loan Notes contain two components, liability component and conversion option derivative. The conversion option is classified as conversion option derivative as the 2012 Convertible Loan Notes will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. The conversion price will be adjusted based on prescribed formulas upon certain events happened. The effective interest rate of the liability component is 10.68% per annum. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

During the year ended 31 December 2013, all outstanding 2012 Convertible Loan Notes had been converted to ordinary shares of the Company.

29. *CONVERTIBLE LOAN NOTES* *(Continued)*

(iii) *(Continued)*

The movement of the liability component and conversion option derivative of the 2012 Convertible Loan Notes was set out below:

	Liability component	**Conversion option derivative**	**Total**
	RMB'000	RMB'000 (Note 30)	RMB'000
At 1 January 2013	19,952	279	20,231
Effective interest expenses (Note 10)	1,078	–	1,078
Interest paid during the year	(1,180)	–	(1,180)
Loss arising on changes of fair value	–	10,896	10,896
Conversion during the year (Note 31)	(19,609)	(11,168)	(30,777)
Exchange realignment	(241)	(7)	(248)
At 31 December 2013 and 2014	–	–	–

(iv) On 2 July 2013, the Company issued 8% convertible loan notes with an aggregate principal amount of RMB15,000,000 (the "2013 Convertible Loan Notes") to settle 2011 Convertible Loan Notes. The 2013 Convertible Loan Notes are denominated in RMB and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the 2013 Convertible Loan Notes and their settlement date on 1 July 2015 at an initial conversion price of HK$0.29, subject to adjustments, per convertible loan note. If the 2013 Convertible Loan Notes have not been converted, it will be redeemed on 1 July 2015 at par. The 2013 Convertible Loan Notes shall carry an interest of 8% per annum, payable quarterly.

The 2013 Convertible Loan Notes contain two components, liability component and conversion option derivative. The conversion option is classified as conversion option derivative as the 2013 Convertible Loan Notes will be settled other than by the exchange of a fixed amount of cash or another financial asset (i.e. principal amount denominated in RMB) for a fixed number of the Company's own equity instruments (i.e. ordinary share denominated in HK$). The effective interest rate of the liability component is 10.38% per annum. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

During the year ended 31 December 2013, all outstanding 2013 Convertible Loan Notes had been converted to ordinary shares of the Company.

29. CONVERTIBLE LOAN NOTES *(Continued)*

(iv) The movement of the liability component and conversion option derivative of the 2013 Convertible Loan Notes was set out below:

	Liability component RMB'000	**Conversion option derivative** RMB'000 (Note 30)	**Total** RMB'000
Issue of convertible loan notes upon extinguishment of 2011 Convertible Loan Notes during the year (Note 29(ii))	13,891	1,109	15,000
Effective interest expenses (Note 10)	618	–	618
Interest paid during the year	(558)	–	(558)
Loss arising on changes of fair value	–	11,160	11,160
Conversion during the year (Note 31)	(13,801)	(12,140)	(25,941)
Exchange realignment	(150)	(129)	(279)
At 31 December 2013 and 2014	–	–	–

30. DERIVATIVE FINANCIAL LIABILITIES

	Contingent consideration instrument RMB'000 (Note)	**Derivative component of convertible loan notes** RMB'000 (Notes 29 (ii),(iii)&(iv))	**Total** RMB'000
At 1 January 2013	3,788	3,466	7,254
Issue of convertible loan notes (Note 29(iv))	–	1,109	1,109
Conversion of convertible loan notes (Notes 29(ii), (iii) & (iv))	–	(23,482)	(23,482)
(Decrease) increase in fair value	(3,733)	18,996	15,263
Exchange realignment	(55)	(89)	(144)
At 31 December 2013 and 2014	–	–	–

Note:

On 25 March 2011, the Group completed the acquisition of 100% equity interest in Bold Champion from certain independent third parties. The acquisition consideration is satisfied by an aggregate consideration of HK$74,000,000 (equivalent to approximately RMB62,156,000), which was satisfied by HK$10,000,000 (equivalent to approximately RMB8,400,000) in cash and 100,000,000 new shares of the Company. With the contingent consideration of HK$24,000,000 profit guarantee up to the three financial years ending 31 December 2013, with a fair value of HK$2,014,000 (equivalent to approximately RMB1,692,000) at the date of acquisition. In the event that the mentioned profit target is not met, the vendors and guarantors of the acquisition shall be settled in cash of the actual shortfall.

As at 31 December 2013, the fair value of the contingent consideration was decreased by approximately HK$4,720,000 (equivalent to approximately RMB3,733,000) as a result of the re-estimation of the fair value of the contingent consideration and the profit guarantee was met.

31. SHARE CAPITAL

	Number of shares		Share capital		Equivalent nominal value of ordinary shares	
	2014	2013	**2014**	2013	**2014**	2013
	'000	'000	**HK$'000**	HK$'000	**RMB'000**	RMB'000
Ordinary shares of HK$0.01 each (2013: HK$0.1 each) (Note a)						
Authorised:						
At beginning of the year	**10,000,000**	10,000,000	**1,000,000**	1,000,000	**879,100**	879,100
Increase of shares upon capital reorganisation (Note a)	**90,000,000**	–	**–**	–	**–**	–
At end of the year	**100,000,000**	10,000,000	**1,000,000**	1,000,000	**879,100**	879,100
Issued and fully paid:						
At beginning of the year	**2,369,023**	2,021,937	**236,902**	202,194	**205,864**	178,517
Issue of shares upon conversion of convertible loan notes (Note b)	**–**	215,186	**–**	21,518	**–**	16,992
Issue of shares upon conversion of preference shares (Notes c & d)	**1,800,000**	100,000	**87,602**	10,000	**69,218**	7,847
Issue of share upon exercise of share options (Note e)	**–**	1,900	**–**	190	**–**	149
Issue of shares upon placing (Note f)	**–**	30,000	**–**	3,000	**–**	2,359
Reduction of share capital upon capital reorganisation (Note a)	**–**	–	**(282,814)**	–	**(240,162)**	–
At end of the year	**4,169,023**	2,369,023	**41,690**	236,902	**34,920**	205,864

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's shares during the two years ended 31 December 2014.

31. SHARE CAPITAL *(Continued)*

Notes:

(a) On 17 June 2014, all conditions precedent of the capital reorganisation as per announcements dated 11 November 2013, 27 December 2013, 11 April 2014 and 17 June 2014 and the circular of the Company dated 2 December 2013, have been fulfilled.

The capital reorganaisation has become effective that:

(i) the par value of each of the issued ordinary shares was reduced from HK$0.1 to HK$0.01 each by cancelling the paid up capital of HK$0.09 per issued ordinary share; and

(ii) each unissued ordinary share in the authorised share capital of the Company was subdivided into 10 ordinary shares of HK$0.01 each such that the Company shall have an authorised share capital of HK$1,200,000,000 divided into 100,000,000,000 ordinary shares of a nominal value of HK$0.01 each and 2,000,000,000 convertible preference shares of a nominal value of HK$0.10 each.

As at 17 June 2014, there were approximately 3,142,374,000 ordinary shares issued and the approximately HK$282,814,000 (equivalent to approximately RMB240,162,000) paid up capital were cancelled and transferred to accumulated losses accordingly.

(b) On 25 June 2013, the 2010 Convertible Loan Notes with an aggregate principal amount of approximately HK$25,950,000 were converted into 50,000,000 ordinary shares of HK$0.1 each at a conversion price of HK$0.519 per share.

The 2011 Convertible Loan Notes with an aggregate principal amount of RMB2,500,000 (equivalent to approximately HK$3,092,000) were converted into approximately 10,663,000 ordinary shares of HK$0.1 each at a conversion price of HK$0.29 per share on 6 March 2013 and 22 March 2013 respectively.

The 2012 Convertible Loan Notes with an aggregate principal amount of approximately HK$25,000,000 were converted into approximately 88,968,000 ordinary shares of HK$0.1 each at a conversion price of HK$0.281 per share on 18 March 2013 and 11 December 2013 respectively.

The 2013 Convertible Loan Notes with an aggregate principal amount of RMB15,000,000 (equivalent to approximately HK$19,010,000) were converted into approximately 65,555,000 ordinary shares of HK$0.1 each at a conversion price of HK$0.29 per share on 9 July 2013, 6 December 2013, 11 December 2013, 20 December 2013 and 30 December 2013 respectively.

(c) Aggregate of 773,351,000 convertible preference shares of par value HK$0.1 each were converted into 773,351,000 ordinary shares of HK$0.1 each at par value on 6 July 2014 and 10 June 2014 respectively.

Aggregate of 1,026,649,000 convertible preference shares of par value HK$0.1 each were converted into 1,026,649,000 ordinary shares of HK$0.01 each at par value on 18 June 2014, 20 June 2014, 18 July 2014, 3 October 2014 and 6 November 2014 respectively.

(d) On 19 November 2013, 100,000,000 convertible preference shares of par value HK$0.1 each were converted into 100,000,000 ordinary shares of HK$0.1 each at par value.

(e) On 11 December 2013, a director of the Company exercised 1,900,000 share options under equity-settled share option schemes (Note 36(a)) with exercise price of HK$0.24.

(f) On 15 October 2013, arrangements were made for a private placement to independent private investors of 30,000,000 shares of HK$0.10 each in the Company, at a price of HK$0.315 per share representing a premium of approximately 5% to the closing market price of the Company's shares on 15 October 2013.

The proceeds were used as general working capital of the Group. These new shares were issued under the general mandate granted to the a shareholder at the annual general meeting of the Company held on 30 May 2013 and rank pari passu with other shares in issue in all respects.

All the ordinary shares issued during the two years ended 31 December 2014 rank pari passu with the then existing shares in all respects.

32. CONVERTIBLE PREFERENCE SHARES

Convertible preference shares at HK$0.1 each

	Number of shares		Share capital		Equivalent nominal value of ordinary shares	
	2014	2013	**2014**	2013	**2014**	2013
	'000	'000	**HK$'000**	HK$'000	**RMB'000**	RMB'000
Authorised:						
At beginning of the year	**2,000,000**	–	**200,000**	–	**157,629**	–
Increment (Note)	**–**	2,000,000	**–**	200,000	**–**	157,629
At end of the year	**2,000,000**	2,000,000	**200,000**	200,000	**157,629**	157,629
Issued and fully paid:						
At beginning of the year	**850,000**	–	**85,000**	–	**67,027**	–
Issue during the year	**950,000**	950,000	**95,000**	95,000	**76,305**	74,874
Conversion to ordinary shares (Notes 31(c) & 31(d))	**(1,800,000)**	(100,000)	**(180,000)**	(10,000)	**(143,332)**	(7,847)
At end of the year	**–**	850,000	**–**	85,000	**–**	67,027

Note: Pursuant to resolution in an extraordinary general meeting held on 24 July 2013, the creation of authorised 2,000,000,000 preference share of the Company of HK$0.1 each was approved.

On 8 August 2013, the Company issued 950,000,000 convertible preference shares of par value of HK$0.1 each as the initial consideration for acquisition of Housden Holdings Limited. During the year ended 31 December 2014, the profit guarantee was met and additional 950,000,000 convertible preference shares of par value of HK$0.1 each was issued under the acquisition agreements in relation to the acquisition of Housden Holdings Limited as mentioned in Note 38.

The initial issue price of HK$0.21 per convertible preference share is for each ordinary share. The conversion rate of each convertible preference share is one ordinary share. The major terms of the above-mentioned preference shares are set out below:

(i) The holders of convertible preference shares shall have the right to convert all or part of their preference shares at any time into fully paid ordinary shares, provided that (1) any conversion of the preference shares will not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the holders of convertible preference shares who exercised the conversion rights; and (2) the public float of the shares shall not be less than 25%.

32. CONVERTIBLE PREFERENCE SHARES *(Continued)*

(ii) The convertible preference shares are transferable and do not have voting rights attached. The holders of convertible preference share have the same right as the holders of ordinary shares who are entitle to the dividend declared by the Company.

(iii) The convertible preference shares are non-redeemable.

Based on their terms and conditions, the convertible preference shares have the characteristics of non-voting ordinary shares and have been classified as equity instrument in the consolidated statement of financial position.

33. DEFERRED TAX LIABILITY

The movements in the deferred tax liability during the current and prior years were as follows:

	Fair value adjustment on intangible assets arising from acquisition RMB'000
At 1 January 2013	–
Arising from acquisition of a subsidiary (Note 38)	27,687
Credit to profit or loss	(766)
Exchange realignment	(266)
At 31 December 2013 and 1 January 2014	26,655
Credit to profit or loss	(2,059)
Exchange realignment	267
At 31 December 2014	24,863

34. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2014 **RMB'000**	2013 RMB'000
Within one year	**5,942**	6,385
In the second to fifth year inclusive	**6,450**	3,758
	12,392	10,143

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for terms ranged from one to six (2013: one to six) years with fixed rentals.

35. CAPITAL COMMITMENTS

	2014 **RMB'000**	2013 RMB'000
Commitments contracted but not provided for in respect of:		
– Capital contribution to an associate	**1,050**	–

36. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option schemes of the Company

(a) Share option scheme

Pursuant to a share option scheme approved by a resolution of the shareholders of the Company on 31 October 2004 (the "Share Option Scheme"), the Company may grant options to the directors or employees of the Company or its subsidiaries who meet the relevant criteria set out in the Share Option Scheme (the "Participants") as incentives and rewards for their contributions to the Group, to subscribe for shares in the Company with a payment of HK$1.00 upon each grant of options offered and the options granted must be taken up within 30 days from the date of grant. The exercise price of the share option will be determined at the higher of (i) the average of closing prices of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant of the options, (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant and (iii) the nominal value of the shares.

The share options are exercisable at any time during a year of not more than 10 years from the date of grant, subject to the terms and conditions of the Share Option Scheme and any conditions of grant as may be stipulated by the board of the directors.

The maximum number of shares in respect of which options may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes shall not exceed 30% of the number of shares of the Company in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes must not, in aggregate, exceed 10% of the number of shares of the Company in issue as at the date of approval of the Share Option Scheme unless further shareholders' approval has been obtained pursuant to the conditions set out in the Share Option Scheme. No person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 months period up to the date of grant are exercised in full would result in such person's maximum entitlement exceeding 1% of the number of shares of the Company in issue.

36. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option schemes of the Company (Continued)

(a) Share option scheme (Continued)

Details of specific categories of options granted under the Share Option Scheme are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Fair value at grant date
8 October 2009	8 October 2009 to 22 November 2009	23 November 2009 to 22 November 2012	HK$1.27	HK$0.59
4 February 2010	Note	4 February 2010 to 3 February 2013	HK$1.80	HK$0.51
12 March 2010	Note	12 March 2010 to 11 March 2013	HK$1.46	HK$0.40
8 October 2010	Note	8 October 2010 to 7 October 2013	HK$0.96	HK$0.32
6 January 2011	Note	6 January 2011 to 5 January 2014	HK$0.85	HK$0.28
2 June 2011	Note	2 June 2011 to 1 June 2014	HK$0.58	HK$0.19
6 July 2011	Note	6 July 2011 to 5 July 2014	HK$0.53	HK$0.14
29 July 2011	Note	29 July 2011 to 28 July 2014	HK$0.56	HK$0.19
5 September 2011	Note	5 September 2011 to 4 September 2014	HK$0.55	HK$0.19
3 November 2011	Note	3 November 2011 to 2 November 2014	HK$0.37	HK$0.11
3 October 2012	Note	3 October 2012 to 2 October 2015	HK$0.24	HK$0.08
11 September 2013	11 September 2013 to 11 September 2015	11 September 2013 to 10 September 2016	HK$0.37	HK$0.15

Note:

In accordance with the terms of the share-based payment expenses, these share options were vested at the date of grant.

36. *SHARE-BASED PAYMENT TRANSACTIONS* (Continued)

Equity-settled share option schemes of the Company (Continued)

(a) Share option scheme (Continued)

The following table discloses movements of the Company's share options held by directors, employees and consultants during the year:

For the year ended 31 December 2014

Date of grant	Outstanding at 1 January 2014	Granted during the year	Exercised during the year	Forfeited during the year (note a)	Transferred during the year (note b)	Outstanding at 31 December 2014
Directors						
2 June 2011	6,440,000	–	–	(6,440,000)	–	–
5 September 2011	5,000,000	–	–	(5,000,000)	–	–
11 September 2013	500,000	–	–	–	2,000,000	2,500,000
Employees						
6 January 2011	3,160,000	–	–	(3,160,000)	–	–
2 June 2011	6,960,000	–	–	(6,960,000)	–	–
6 July 2011	3,000,000	–	–	(3,000,000)	–	–
29 July 2011	2,000,000	–	–	(2,000,000)	–	–
5 September 2011	4,800,000	–	–	(4,800,000)	–	–
11 September 2013	32,900,000	–	–	–	(2,000,000)	30,900,000
Consultants						
6 July 2011	5,000,000	–	–	(5,000,000)	–	–
29 July 2011	3,000,000	–	–	(3,000,000)	–	–
11 September 2013	3,000,000	–	–	–	–	3,000,000
	75,760,000	–	–	(39,360,000)	–	36,400,000
Exercisable at the end of the year						21,840,000
Weighted average exercise price	HK$0.54	–	–	HK$0.58	HK$0.37	HK$0.37

Notes:

a) During the year ended 31 December 2014, aggregate number of 39,360,000 share options was forfeited due to expiry of those share options.

b) During the year ended 31 December 2014, an employee who was granted 2,000,000 share options on 11 September 2013 was appointed as executive director on 10 September 2014.

36. *SHARE-BASED PAYMENT TRANSACTIONS* *(Continued)*

Equity-settled share option schemes of the Company *(Continued)*

(a) Share option scheme *(Continued)*

The following table discloses movements of the Company's share options held by directors, employees and consultants during the year: *(Continued)*

For the year ended 31 December 2013

Date of grant	Outstanding at 1 January 2013	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2013
Directors					
8 October 2010	5,000,000	–	–	(5,000,000)	–
2 June 2011	25,240,000	–	–	(18,800,000)	6,440,000
5 September 2011	5,000,000	–	–	–	5,000,000
3 October 2012	1,900,000	–	(1,900,000)	–	–
11 September 2013	–	500,000	–	–	500,000
Employees					
8 October 2010	24,200,000	–	–	(24,200,000)	–
6 January 2011	4,360,000	–	–	(1,200,000)	3,160,000
2 June 2011	6,960,000	–	–	–	6,960,000
6 July 2011	3,000,000	–	–	–	3,000,000
29 July 2011	2,000,000	–	–	–	2,000,000
5 September 2011	4,800,000	–	–	–	4,800,000
3 November 2011	8,000,000	–	–	(8,000,000)	–
11 September 2013	–	32,900,000	–	–	32,900,000
Consultants					
6 July 2011	5,000,000	–	–	–	5,000,000
29 July 2011	45,000,000	–	–	(42,000,000)	3,000,000
3 November 2011	2,000,000	–	–	(2,000,000)	–
11 September 2013	–	3,000,000	–	–	3,000,000
	142,460,000	36,400,000	(1,900,000)	(101,200,000)	75,760,000
Exercisable at the end of the year					50,280,000
Weighted average exercise price	HK$0.64	HK$0.37	HK$0.24	HK$0.66	HK$0.54

In respect of the share options exercised during the year ended 31 December 2013, the weighted average share price at the dates of exercise is HK$0.47. No share option was exercised during the year ended 31 December 2014.

36. *SHARE-BASED PAYMENT TRANSACTIONS* (Continued)

Equity-settled share option schemes of the Company (Continued)

(a) Share option scheme (Continued)

The fair values were calculated using the Black-Scholes Option Pricing Model. The inputs into the model were as follows:

	Date of grant											
	8 October 2009	4 February 2010	12 March 2010	8 October 2010	6 January 2011	2 June 2011	6 July 2011	29 July 2011	5 September 2011	3 November 2011	3 October 2012	11 September 2013
Share price on the date of grant	HK$1.27	HK$1.70	HK$1.45	HK$0.96	HK$0.85	HK$0.58	HK$0.48	HK$0.56	HK$0.55	HK$0.35	HK$0.24	HK$0.35
Exercise price	HK$1.27	HK$1.80	HK$1.46	HK$0.96	HK$0.85	HK$0.58	HK$0.53	HK$0.56	HK$0.55	HK$0.37	HK$0.24	HK$0.37
Expected volatility	96.7%	63.17%	58.52%	70.48%	69.54%	68.08%	69.73%	77.88%	72.07%	71.19%	75.59%	73.09%
Expected life	1.6 years	1.5 years	1.5 years	1.5 years	1.5 years	1.5 years	1.5 years	1.5 years	1.5 years	1.5 years	1.5 years	3 years
Risk-free rate	0.39%	0.44%	0.45%	0.45%	0.44%	0.32%	0.22%	0.20%	0.16%	0.21%	0.27%	0.80%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expense of approximately HK$1,579,000 (equivalent to approximately RMB1,257,000) for the year ended 31 December 2014 (2013: HK$1,478,000 (equivalent to approximately RMB1,169,000)) in relation to the above share options granted by the Company.

36. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Equity-settled share option schemes of the Company *(Continued)*

(b) Share incentive scheme

The share incentive scheme was established by three shareholders of the Company, representing 18,000,000 shares and 4.5% of the enlarged issued share capital of the Company after the listing of the Company ("Share Incentive Scheme"). The purpose of the Share Incentive Scheme is to issue options to selected employees, officers, consultants, agents and advisers of the Group who meet the relevant eligibility criteria set out in the Share Incentive Scheme (the "Eligible Participants"). The employee participants must have been employed by a member of the Group prior to the listing of the Company in November 2004.

The Share Incentive Scheme shall remain in full force and effect for so long as is necessary to give effect to the issue and exercise of options granted in accordance with its terms.

The exercise price per share under the Share Incentive Scheme is HK$0.20 and each tranche of option has a term of five years from the first exercise date, after which any unexercised portion of an option shall lapse.

Each option will be exercisable subject to a vesting scale which shall commence on the date of grant in tranches of 20% each year, reaching 100%.

During the two years ended 31 December 2014, no options were granted and outstanding of options under the Share Incentive Scheme.

37. RETIREMENT BENEFITS SCHEME

Hong Kong

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, each of the Group companies (the "employer") in Hong Kong and its employees are required to make contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employer and employees are subject to a cap of HK$1,250 per month before 1 June 2014 and HK$1,500 per month, since 1 June 2014 onwards. During the year ended 31 December 2014, the total amount contributed by the Group to this scheme and charged to the consolidated statement of profit or loss and other comprehensive income was approximately RMB115,000 (2013: RMB160,000).

37. RETIREMENT BENEFITS SCHEME *(Continued)*

The PRC

As stipulated by rules and regulations in the PRC, subsidiaries in the PRC are required to contribute to a state-managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees. The state-managed retirement plan is responsible for the entire pension obligations payable to all retired employees. Under the state-managed retirement plan, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions. During the year ended 31 December 2014, the total amount contributed by the Group to this scheme and charged to the consolidated statement of profit or loss and other comprehensive income was approximately RMB1,029,000 (2013: RMB547,000).

38. ACQUISITION OF A SUBSIDIARY

On 8 August 2013, the Group acquired 100% equity interest in Housden Holdings Limited ("Housden Holdings") from Headwind Holdings Limited, an independent third party, for a consideration of HK$199,500,000 which was satisfied by 950,000,000 convertible preference shares of the Company and, subject to valuation adjustment, an upward adjustment of 950,000,000 additional preference shares, resulting in a maximum of 1,900,000,000 preference shares in total, representing consideration of HK$399,000,000, to be issued upon fulfillment of the profit guarantee. Housden Holdings is principally engaged in provision of education consultancy services and online training and education services in the PRC. The acquisition has been accounted for using purchase method. The fair value of the intangible asset at the date of acquisition was approximately RMB116,691,000 (equivalent to approximately HK$147,871,000). The amount of goodwill arising as a result of the acquisition was approximately RMB359,739,000 (equivalent to approximately HK$420,775,000).

Consideration transferred

	RMB'000
Equity instruments issued	227,735
Contingent consideration arrangement	227,735
	455,470

The consideration for the acquisition of Housden Holdings, 950,000,000 convertible preference shares of the Company with par value of HK$0.1 each were issued. Additional 950,000,000 convertible preference shares of the Company will be issued upon fulfilling the profit guarantee according to the acquisition agreement. The fair value of the convertible preference shares of the Company and the additional convertible preference shares under the contingent consideration, based on valuation report from an independent qualified professional valuer at the date of the acquisition, amounted to HK$288,585,000 (equivalent to approximately RMB 227,735,000) and HK$288,585,000 (equivalent to approximately RMB227,735,000) respectively.

38. *ACQUISITION OF A SUBSIDIARY (Continued)*

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Plant and equipment (Note 17)	3,506
Intangible asset (Note 18)	116,691
Trade and other receivables	4,976
Income tax receivable	118
Bank balances and cash	9,607
Other payables	(11,085)
Deferred tax liability (Note 33)	(27,687)
Income tax payable	(395)
	95,731

The fair value of trade and other receivables at the date of acquisition amounted to approximately RMB4,976,000. The gross contractual amounts of those trade and other receivables acquired amounted to approximately RMB4,976,000 at the date of acquisition.

Goodwill arising on acquisition:

	RMB'000 (Note 19)
Consideration transferred	455,470
Less: net assets acquired	(95,731)
	359,739

Goodwill arose in the acquisition of Housden Holdings. A subsidiary of Housden Holdings, which is principally engaged in the provision of online training and education services, entered into agreements with local training organisations of civil servants and professionals and technicians. The subsidiary is authorised by Ministry of Human Resources and Social Security of the People's Republic of China to provide online training programmes for civil servants and professionals and technicians in the PRC. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth and the sales network of Housden Holdings. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

38. ACQUISITION OF A SUBSIDIARY *(Continued)*

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash inflow arising on acquisition:

	RMB'000
Bank balances and cash acquired	9,607

Impact of acquisition on the results of the Group

Included in the profit for the year is approximately RMB47,816,000 attributable to the additional business generated by Housden Holdings. Revenue for the year includes approximately RMB67,223,000 generated from Housden Holdings.

Had the acquisition been completed on 1 January 2013, total group revenue for the year would have been approximately RMB110,443,000 and profit for the year would have been approximately RMB7,159,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future results.

In determining the pro-forma's revenue and profit of the Group had Housden Holdings been acquired at the beginning of the current year, the directors of the Company have calculated depreciation of plant and equipment and amortisation of intangible asset acquired on the basis of the fair value arising in the initial accounting for the business combination rather than the carrying amount recognised in the pre-acquisition financial statements.

39. DISPOSAL OF SUBSIDIARIES

(i) On 27 June 2014, the Group disposed of Great Process Limited, a wholly-owned subsidiary of the Group, to an independent third party at cash consideration of HK$1. The subsidiary is engaged in investment holding. The net assets of Great Process Limited at the date of disposal were as follows:

Consideration received:

	RMB'000
Cash received	–

Analysis of assets and liabilities over which control was lost:

	RMB'000
Net liability disposed of	
Other payable	(32)

Gain on disposal of a subsidiary:

Consideration received	–
Net liability disposed of	32
Gain on disposal	32

Net cash inflow arising on disposal:

Cash consideration	–

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(ii) On 16 September 2014, the Group disposed of Smart Century Investment Limited, a wholly-owned subsidiary of the Group, to an independent third party at cash consideration of HK$23,300,000 (equivalent to approximately RMB18,496,000). The subsidiary is engaged in investment holding. The net assets of Smart Century Investment Limited at the date of disposal were as follows:

Consideration received:

	RMB'000
Cash received	79
Deferred cash consideration (Note a)	18,417
Total consideration received	18,496

Analysis of assets and liabilities over which control was lost:

	RMB'000
Plant and equipment (Note 17)	–
Interest in an associate	–
Available-for-sale investments	1,985
Other receivables	780
Amount due from an associate	10,493
Bank balance and cash	3
Other payables	(12,423)
Net assets disposed of	838

Gain on disposal of a subsidiary:

Consideration received	79
Consideration receivable	18,417
Net assets disposed of	(838)
Gain on disposal	17,658

Net cash inflow arising on disposal:

Cash consideration	79
Less: bank balance and cash disposed of	(3)
	76

Note a: Sales proceeds of HK$23,200,000 (equivalent to approximately RMB18,417,000) has not been received in cash during the year ended 31 December 2014. The balance of HK$23,200,000 (equivalent to approximately RMB18,591,000) as at 31 December 2014 was recorded as other receivables as disclosed in Note 22.

40. RELATED PARTY TRANSACTIONS

(a) Other than disclosed elsewhere in the consolidated financial statements, the Company had not entered into any transactions with related party during both years.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2014 **RMB'000**	2013 RMB'000
Short-term benefits	**3,091**	2,770
Post-employment benefits	**72**	48
Share-based payment expenses	**224**	16
	3,387	2,834

The remuneration of directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

41. EVENT AFTER THE REPORTING PERIOD

On 2 February 2015, the Group entered into a sale and purchase agreement with the non-controlling interest holder of the Group to transfer all the LED advertising business related assets and liabilities to the non-controlling interest holder in exchange of 49% equity interest of a subsidiary of the Group.

42. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2014, an other borrowing and interest payable of RMB18,000,000 and approximately RMB1,210,000 respectively were settled by the deposit as disclosed in Note 22.

During the year ended 31 December 2014, the Group disposed of its entire interest in Smart Century Investment Limited, included in sales proceeds of HK$23,200,000 (equivalent to approximately RMB18,591,000) at the end of reporting period has not been received in cash and recorded as other receivables at the end of the reporting period (Note 22).

During the year ended 31 December 2013, the consideration for the acquisition of a subsidiary comprised shares. Additional 950,000,000 convertible preference shares of par value of HK$0.1 each was issued according to valuation adjustment upon fulfillment of the profit guarantee during the year ended 31 December 2014. Further details of the acquisition are set out in Notes 32 and 38.

During the year ended 31 December 2013, the Group entered an agreement with holders of 2011 Convertible Loan Notes to subscribe for an aggregate principal amount of RMB15,000,000 (the "2013 Convertible Loan Notes") which mirror the outstanding amount of 2011 Convertible Loan Notes as 2011 Convertible Loan Notes become due on 23 June 2013. Further details of the acquisition are set out in Notes 29(ii) and 29(iv).

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2014 RMB'000	2013 RMB'000
Non-current assets			
Plant and equipment		**1,387**	1,967
Investments in subsidiaries	(a)	**13**	19
		1,400	1,986
Current assets			
Other receivables		**1,194**	20,307
Amount due from subsidiaries	(b)	**509,831**	485,629
Amount due from a director	(b)	**–**	352
Bank balances and cash		**14,427**	2,207
		525,452	508,495
Current liabilities			
Other payables		**826**	1,332
Amount due to a shareholder	(b)	**–**	1,563
		826	2,895
Net current assets		**524,626**	505,600
		526,026	507,586
Capital and reserves			
Share capital		**34,920**	205,864
Convertible preference shares		**–**	67,027
Reserves	(c)	**491,106**	234,695
Total equity		**526,026**	507,586

Notes:

(a) Investments in subsidiaries are carried at cost less accumulated impairment losses, if any.

(b) The amounts are unsecured, non-interest bearing and repayable on demand.

43. *STATEMENT OF FINANCIAL POSITION OF THE COMPANY* *(Continued)*

Notes: *(Continued)*

(c)

	Share premium RMB'000	Special reserve RMB'000	Translation reserve RMB'000	Convertible loan notes equity reserve RMB'000	Other reserve RMB'000	Capital redemption reserve RMB'000	Share options reserve RMB'000	Contribution from shareholders RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2013	670,393	57,814	(5,432)	20,205	–	595	47,347	1,927	(944,689)	(151,840)
Loss for the year	–	–	–	–	–	–	–	–	(52,639)	(52,639)
Other comprehensive expense for the year – Exchange differences arising on translation	–	–	(5,394)	–	–	–	–	–	–	(5,394)
Total comprehensive expense for the year	–	–	(5,394)	–	–	–	–	–	(52,639)	(58,033)
Recognition of equity-settled share-based payment expenses (Note 36)	–	–	–	–	–	–	1,169	–	–	1,169
Issue of share upon exercise of share options (Note 31)	326	–	–	–	–	–	(123)	–	–	203
Issue of shares upon conversion of convertible loan notes (Note 31)	77,963	–	–	(20,205)	–	–	–	–	–	57,758
Issue of preference shares (Note 32)	82,361	–	–	–	70,500	–	–	–	–	152,861
Contingent consideration arrangement (Note 38)	–	–	–	–	227,735	–	–	–	–	227,735
Issue of shares upon placing (Note 31)	5,073	–	–	–	–	–	–	–	–	5,073
Transaction costs attributable to issue of shares upon placing	(231)	–	–	–	–	–	–	–	–	(231)
At 31 December 2013	835,885	57,814	(10,826)	–	298,235	595	48,393	1,927	(997,328)	234,695

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes: *(Continued)*

(c) *(Continued)*

	Share premium RMB'000	Special reserve RMB'000	Translation reserve RMB'000	Convertible loan notes equity reserve RMB'000	Other reserve RMB'000	Capital redemption reserve RMB'000	Share options reserve RMB'000	Contribution from shareholders RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2014	835,885	57,814	(10,826)	–	298,235	595	48,393	1,927	(997,328)	234,695
Profit for the year	–	–	–	–	–	–	–	–	4,092	4,092
Other comprehensive expense for the year – Exchange differences arising on translation	–	–	13,091	–	–	–	–	–	–	13,091
Total comprehensive expense for the year	–	–	13,091	–	–	–	–	–	4,092	17,183
Recognition of equity-settled share-based payment expenses (Note 36)	–	–	–	–	–	–	1,257	–	–	1,257
Issue of preference shares (Note 32)	151,430	–	–	–	(227,735)	–	–	–	–	(76,305)
Issue of shares upon conversion of preference shares (Note 31)	74,114	–	–	–	–	–	–	–	–	74,114
Reduction of share capital upon capital reorganisation (Note 31)	–	–	–	–	–	–	–	–	240,162	240,162
At 31 December 2014	1,061,429	57,814	2,265	–	70,500	595	49,650	1,927	(753,074)	491,106

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company				Principal activities
				2014		2013		
				Directly	Indirectly	Directly	Indirectly	
Shanghai Media	The PRC	Registered capital	RMB3,000,000	–	98%	–	98%	Provision of management and consultancy services to media enterprises; Distribution of TV programmes
Chuangzhi Lide	The PRC	Registered capital	RMB45,965,860	–	97.82%	–	97.82%	Operating and broadcasting across LED displays
新華色彩(北京)文化傳播有限公司	The PRC	Registered capital	RMB2,000,000	–	100%	–	100%	Operating and broadcasting outdoor displays
Precious Luck	The BVI	Ordinary	US$100	–	100%	–	100%	Investment holding
北京柯瑞環宇傳媒文化有限公司	The PRC	Registered capital	RMB1,000,000	–	98%	–	98%	Provision of management and consultancy services to media enterprises
上海晟彩文化傳播有限公司	The PRC	Registered capital	RMB2,000,000	–	51%	–	51%	Operating and broadcasting across LED displays
Sino Advantage Asia Limited	The BVI	Ordinary	US$1,000	–	–	–	100%	Inactive
China Oriental Culture (Hong Kong) Limited	Hong Kong	Ordinary	HK$1	100%	–	100%	–	Acts as administrative center of the Group

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of the Company's principal subsidiaries as at 31 December 2014 and 2013 are as follows: *(Continued)*

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company				Principal activities
				2014		2013		
				Directly	**Indirectly**	Directly	Indirectly	
China Oriental Culture Limited	Hong Kong	Ordinary	HK$1	**100%**	**–**	100%	–	Acts as administrative center of the Group
Star Apex Investment Limited	The BVI	Ordinary	US$1,000	**–**	**–**	–	100%	Inactive
Perfection Asia Limited	The BVI	Ordinary	US$1	**–**	**–**	–	100%	Inactive
Housden Holdings Limited	The BVI	Ordinary	US$1	**–**	**100%**	–	100%	Investment holding
CL Education Limited	Hong Kong	Ordinary	HK$28,146,300	**–**	**100%**	–	100%	Investment holding
北京創聯中人技術服務有限公司	The PRC	Registered capital	RMB27,070,700	**–**	**100%**	–	100%	Provision of technical consultancy services
北京創聯教育投資有限公司	The PRC	Registered capital	RMB11,000,000	**–**	**100%**	–	100%	Investment management and the provision of educational consultancy services
北京中人光華教育科技有限公司	The PRC	Registered capital	RMB1,020,000	**–**	**51%**	–	51%	Provision of internet information services and the promotion of technologies

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Note:

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operates in PRC, Hong Kong and BVI. The principal activities of these subsidiaries are summarised as follows:

Principal activities	**Principal place of business**	**Number of subsidiaries**	
		31/12/2014	31/12/2013
Inactive	Hong Kong	**1**	2
	BVI	**1**	4
	PRC	**4**	1
Investment holding	Hong Kong	**2**	3
	BVI	**5**	6
		13	16

None of the subsidiaries had any debt securities at the end of both years nor at any time during both years.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name	**Place of incorporation/ operations**	**Proportion of ownership interests and voting rights held by non-controlling interests**		**(Loss) profit allocated to non-controlling interests**		**Accumulated non-controlling interests**	
		2014	2013	**2014**	2013	**2014**	2013
				RMB'000	RMB'000	**RMB'000**	RMB'000
北京中人光華教育科技有限公司	The PRC	**49%**	49%	**(12)**	2,960	**(1,512)**	(1,500)
Individually immaterial subsidiaries with non-controlling interests				**(286)**	(289)	**3,753**	4,039
				(298)	2,671	**2,241**	2,539

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

北京中人光華教育科技有限公司

	2014 RMB'000	2013 RMB'000
Current assets	**17,357**	7,487
Non-current assets	**969**	942
Current liabilities	**(21,413)**	(11,491)
Equity attributable to owners of the Company	**(1,575)**	(1,562)
Non-controlling interests	**(1,512)**	(1,500)

	2014 RMB'000	2013 RMB'000
Revenue	**57,717**	23,861
Expenses	**(57,742)**	(17,820)
(Loss) profit and total comprehensive (expense) income for the year	**(25)**	6,041
(Loss) profit attributable to owners of the Company	**(13)**	3,081
(Loss) profit attributable to non-controlling interests	**(12)**	2,960
Total (loss) profit and total comprehensive (expense) income for the year	**(25)**	6,041
Net cash inflow from operating activities	**4,926**	5,435
Net cash outflow from investing activities	**(304)**	(67)
Net cash inflow (outflow) from financing activities	**2,293**	(3,449)
Net cash inflow	**6,915**	1,919