Interim Report 2018

China Chuanglian Education Financial Group Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

The board (the "Board") of directors (the "Directors") of China Chuanglian Education Financial Group Limited (the "Company") hereby announces the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2018 (the "Reporting Period"), together with the comparative figures for the corresponding period in 2017 as follows:

		Six months ended 30 June	
	Notes	**2018** ***RMB'000*** **(Unaudited)**	2017 *RMB'000* (Unaudited)
Continuing operations			
Turnover	4	**85,255**	46,298
Revenue	4	**85,255**	43,958
Cost of sales and services		**(32,513)**	(16,178)
Gross profit		**52,742**	27,780
Realised loss on fair value changes of held for trading investments		**—**	(666)
Other income and gain	5	**202**	952
Selling and marketing expenses		**(11,284)**	(12,779)
Administrative expenses		**(28,502)**	(27,114)
Unrealised loss on fair value changes of held for trading investments		**—**	(6,781)
Share of result of associates		**—**	(75)
Profit (loss) before tax		**13,158**	(18,683)
Income tax expense	6	**(6,462)**	(1,605)
Profit (loss) for the period from continuing operations		**6,696**	(20,288)
Discontinued operation			
Profit for the period from discontinued operation	10	**—**	10,473
Profit (loss) for the period	7	**6,696**	(9,815)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2018

		Six months ended 30 June	
	Notes	**2018** ***RMB'000*** **(Unaudited)**	2017 *RMB'000* (Unaudited)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(864)**	(1,683)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of a foreign operation		**—**	(6)
		(864)	(1,689)
Item that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity investments at fair value through other comprehensive income		**(7,600)**	—
Total other comprehensive expense for the period		**(8,464)**	(1,689)
Total comprehensive expense for the period		**(1,768)**	(11,504)
Profit (loss) for the period attributable to owners of the Company:			
— from continuing operations		**7,500**	(21,654)
— from discontinued operation		**—**	10,475
Profit (loss) for the period attributable to owners of the Company		**7,500**	(11,179)
(Loss) profit for the period attributable to non-controlling interests:			
— from continuing operations		**(804)**	1,366
— from discontinued operation		**—**	(2)
(Loss) profit for the period attributable to non-controlling interests		**(804)**	1,364
		6,696	(9,815)
Total comprehensive (expense) income for the period attributable to:			
— owners of the Company		**(964)**	(12,868)
— non-controlling interests		**(804)**	1,364
Total comprehensive expense for the period		**(1,768)**	(11,504)
Earnings (loss) per share	9		
From continuing and discontinued operations			
Basic and diluted *(RMB cent)*		**0.15**	(0.24)
From continuing operations			
Basic and diluted *(RMB cent)*		**0.15**	(0.47)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current assets			
Plant and equipment	11	**33,631**	35,576
Intangible assets		**56,093**	54,711
Goodwill		**44,374**	44,374
Financial assets at fair value through other comprehensive income		**70,289**	—
Available-for-sale investments		**—**	68,243
		204,387	202,904
Current assets			
Trade and other receivables	12	**25,283**	19,690
Bank balances and cash		**100,563**	80,192
		125,846	99,882
Current liabilities			
Trade and other payables	13	**30,787**	49,783
Contract liabilities		**10,060**	—
Amount due to a shareholder		**734**	141
Income tax payable		**8,390**	5,946
		49,971	55,870
Net current assets		**75,875**	44,012
Total assets less current liabilities		**280,262**	246,916
Capital and reserves			
Share capital	14	**41,385**	38,703
Reserves		**222,872**	190,889
Equity attributable to owners of the Company		**264,257**	229,592
Non-controlling interests		**3,470**	4,274
Total equity		**267,727**	233,866
Non-current liability			
Deferred tax liability	15	**12,535**	13,050
		280,262	246,916

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company											
	Share capital	Share premium	Special reserve	Translation reserve	Capital redemption reserve	Share options reserve	Contribution from shareholders	Other reserve	Accumulated losses	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017 (Audited)	38,786	1,110,456	15,536	8,667	595	83,145	1,927	140,477	(1,156,277)	243,312	2,207	245,519
(Loss) profit for the period	—	—	—	—	—	—	—	—	(11,179)	(11,179)	1,364	(9,815)
— Exchange differences arising on translating foreign operations	—	—	—	(1,683)	—	—	—	—	—	(1,683)	—	(1,683)
— Reclassification of adjustment for the cumulative gain included in profit or loss upon disposal of a foreign operation	—	—	—	(6)	—	—	—	—	—	(6)	—	(6)
Total comprehensive (expense) income for the period	—	—	—	(1,689)	—	—	—	—	(11,179)	(12,868)	1,364	(11,504)
Recognition of equity-settled share-based payment expenses	—	—	—	—	—	2,354	—	—	—	2,354	—	2,354
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	195	195
Capital contribution by non-controlling interest	—	—	—	—	—	—	—	—	—	—	1,480	1,480
At 30 June 2017 (Unaudited)	38,786	1,110,456	15,536	6,978	595	85,499	1,927	140,477	(1,167,456)	232,798	5,246	238,044

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2018

	Attributable to owners of the Company												
	Share capital *RMB'000*	Share premium *RMB'000*	Special reserve *RMB'000*	Translation reserve *RMB'000*	Capital redemption reserve *RMB'000*	Share options reserve *RMB'000*	Contribution from shareholders *RMB'000*	Other reserve *RMB'000*	Investment revaluation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2018 (Audited)	38,703	1,109,490	15,536	5,630	595	88,743	1,927	140,477	—	(1,171,509)	229,592	4,274	233,866
Changes in accounting policies (note 2)	—	—	—	—	—	—	—	—	9,600	—	9,600	—	9,600
Restated balance	38,703	1,109,490	15,536	5,630	595	88,743	1,927	140,477	9,600	(1,171,509)	239,192	4,274	243,466
Profit (loss) for the period	—	—	—	—	—	—	—	—	—	7,500	7,500	(804)	6,696
— Change in fair value of equity investments at fair value through other comprehensive income	—	—	—	—	—	—	—	—	(7,600)	—	(7,600)	—	(7,600)
— Exchange differences arising on translating foreign operations	—	—	—	(864)	—	—	—	—	—	—	(864)	—	(864)
Total comprehensive (expense) income for the period	—	—	—	(864)	—	—	—	—	(7,600)	7,500	(964)	(804)	(1,768)
Issue of shares	2,682	21,994	—	—	—	—	—	—	—	—	24,676	—	24,676
Recognition of equity-settled share-based payment expenses	—	—	—	—	—	1,353	—	—	—	—	1,353	—	1,353
At 30 June 2018 (Unaudited)	41,385	1,131,484	15,536	4,766	595	90,096	1,927	140,477	2,000	(1,164,009)	264,257	3,470	267,727

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

		Six months ended 30 June	
	Notes	**2018** *RMB'000* **(Unaudited)**	2017 *RMB'000* (Unaudited)
OPERATING ACTIVITIES			
Cash generated from (used in) operations		**7,986**	(14,748)
Income tax paid		**(4,543)**	(3,699)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**3,443**	(18,447)
INVESTING ACTIVITIES			
Purchase of plant and equipment		**(1,946)**	(6,833)
Addition of intangible assets		**(3,200)**	(68)
Acquisition of a subsidiary	18	**(1,861)**	(9,995)
Disposal of subsidiaries	19	**—**	(98)
Interest received		**165**	236
Proceeds from disposal of plant and equipment		**50**	—
NET CASH USED IN INVESTING ACTIVITIES		**(6,792)**	(16,758)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**24,676**	—
Repayment to a shareholder		**(57)**	—
Capital injection by non-controlling interests		**—**	1,480
NET CASH FROM FINANCING ACTIVITIES		**24,619**	1,480
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**21,270**	(33,725)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**80,192**	113,181
Effect of foreign exchange rate changes		**(899)**	(1,016)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash		**100,563**	78,440

1. GENERAL AND BASIS OF PREPARATION

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

The Company is principally engaged in investment holding and securities trading. Other than those major operating subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the remaining subsidiaries is Hong Kong dollars ("HK$").

The functional currency of the Company is HK$, which is different from the presentation currency, RMB. As the Company and its subsidiaries (hereinafter collectively referred to as the "Group") mainly operate in the PRC, the directors of the Company consider that it is appropriate to present the condensed consolidated financial statements in RMB.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2018 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017 except as described below.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2018.

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

The adoption of HKFRS 9 and 15 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out in note 3 below. The application of other new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 HKFRS 9 Financial Instruments

HKFRS 9 replaced HKAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for the 1) classification and measurement of financial assets and financial liabilities; 2) impairment of financial assets and 3) general hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in accumulated losses and other components of equity as at 1 January 2018.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 HKFRS 9 Financial Instruments (Continued)

2.1.1 Classification and measurements

At the date of initial application of HKFRS 9, the Group's management has reviewed and assessed all financial assets held by the Group on the basis of the Group's business model for managing these financial assets and their contractual cash flow characteristics, and has classified its financial assets and financial liabilities into the appropriate categories of HKFRS 9, as explained below:

Trade and other receivables:

They are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets continue to be subsequently measured at amortised cost upon application of HKFRS 9.

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

These equity investments qualified for designation as measured at fair value through other comprehensive income ("FVTOCI") under HKFRS 9. The Group has elected the option in respect of the Group's unlisted equity instruments amounting to RMB68,243,000 as they are held for medium or long-term strategic purpose, and reclassified them to financial assets at FVTOCI upon initial application of HKFRS 9. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment revaluation reserve, which will not be reclassified to profit or loss when they are derecognised. On initial application of HKFRS 9, an amount of RMB9,600,000 representing the difference between the previous carrying amount and the fair value was adjusted to investment revaluation reserve at 1 January 2018.

All other financial assets and financial liabilities continue to be measured on the same bases as are previously measured under HKAS 39.

2.1.2 Impairment of financial assets

The Group has the following type of financial instruments that are subject to the new impairment requirements under HKFRS 9.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 HKFRS 9 Financial Instruments (Continued)

2.1.2 Impairment of financial assets (Continued)

Trade receivables:

The Group applied the simplified approach to provide for expected credit losses ("ECL") under HKFRS 9 and recognised lifetime expected losses for all trade receivables. The trade receivables are grouped based on shared credit risk characteristics and past due information for measuring ECL.

Financial assets with low credit risk/credit risk has not increased significantly:

The Group measured a 12-month ECL in respect of the following financial instruments:

Other financial assets including bank balances for which credit risk has not increased significantly since initial recognition.

Based on assessment by the management of the Group, no expected credit losses were made in the opening accumulated losses.

2.2 HKFRS 15 Revenue from contracts with customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised.

The Group is principally engaged in (i) securities trading, (ii) educational consultancy and online training and education and (iii) insurance brokerage services.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 HKFRS 15 Revenue from contracts with customers (Continued)

2.2.1 Provision of services

The Group assessed that there is one performance obligation in a contract based on the relative stand-alone selling prices of the educational consultancy and online training and education and insurance brokerage services under HKFRS 15.

In addition, the Group concluded that (i) revenue from educational consultancy and online training and education services will continue to be recognised over time, using an output method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group; and (ii) revenue from insurance brokerage service should be recognised at a point in time when the service is transferred to the customer, which is consistent with the previous accounting policy. Therefore, the adoption of HKFRS 15 has no impact on the timing of revenue recognition in this regard.

2.2.2 Advances received from customers

From time to time, the Group receives advances from customers upon signing the contract in respect of educational consultancy and online training and education. Upon adoption of HKFRS 15, the Group assessed whether there is a significant financing component for the contracts where the length of time between the customer's advance payment and the service provided to the customer is more than one year, taking into account the prevailing interest rate, and where appropriate adjusted the transaction price at contract inception. As such, the carrying amount of advance payment from customers of RMB13,650,000 was reclassified to contract liabilities at 1 January 2018.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The following table summarises the opening balance adjustments recognised for each line item in the condensed consolidated statement of financial position on initial application of HKFRS 9 and HKFRS 15:

	At 31 December 2017 *RMB'000*	Effect from application of HKFRS 9 *RMB'000*	Effect from application of HKFRS 15 *RMB'000*	**At 1 January 2018** ***RMB'000***
Financial assets at FVTOCI	—	70,289	—	**70,289**
Available-for-sale investments	68,243	(68,243)	—	**—**
Trade and other payables	49,783	—	(13,650)	**36,133**
Contract liabilities	—	—	13,650	**13,650**
Reserves	—	9,600	—	**9,600**

The following table summarises the impact of transition to HKFRS 9 on opening equity at 1 January 2018:

	Investment revaluation reserve ***RMB'000***
Recognition of fair value change for unlisted available-for-sale equity investments measured at FVTOCI	**9,600**
Net increase in opening equity at 1 January 2018	**9,600**

3. CHANGE IN ACCOUNTING POLICIES

3.1 HKFRS 9 Financial instruments

3.1.1 Classification and measurement

All recognised financial assets that are within the scope of HKFRS 9 are to be subsequently measured at amortised cost or fair value, depending on the entity's business model for managing the financial assets and cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on principal outstanding are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other income and gain", together with foreign exchange gains and losses.

3.1.2 Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 and records lifetime ECL that results from all possible default events over the expected life of these financial instruments. In estimating the ECL, the Group has established a provision matrix taking into account the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

For other financial instruments, the ECL is based on the 12-month ECL. The 12-months ECL is the portion of lifetime ECL that results from possible default events within 12 months after the reporting date, unless when there has been a significant increase in credit risk since initial recognition of the financial instrument, the allowance will be based on the lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. CHANGE IN ACCOUNTING POLICIES (Continued)

3.1 HKFRS 9 Financial instruments (Continued)

3.1.2 Impairment of financial assets (Continued)

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with that assessed at the date of initial recognition. In making the assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group presumes that the credit risk on a financial asset has increased significantly when contractual payments are more than 1 year past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the above requirements, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have a low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet it contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The measurement of ECL is a function of the probability of default, loss given default and the exposure at default and is estimated as the difference between all contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Except for financial assets carried at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For financial assets carried at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of the financial assets.

3. CHANGE IN ACCOUNTING POLICIES (Continued)

3.2 HKFRS 15 Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligations is transferred to customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. CHANGE IN ACCOUNTING POLICIES (Continued)

3.2 HKFRS 15 Revenue from contracts with customers (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group applies output method in measuring the progress towards complete satisfaction of the relevant performance obligation and recognises revenue on the basis of direct measurement of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract.

The Group recognises revenue for a performance obligation satisfied over time only if the Group can reasonably measure its progress to towards complete satisfaction of the performance obligation. In circumstances where the Group is unable to reasonably measure the outcome of a performance obligation but expects to recover the cost incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. TURNOVER AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Gross proceeds from sales of held for trading investments	**—**	2,340
Educational consultancy and online training and education services income	**77,817**	43,785
Insurance brokerage	**7,438**	173
Total revenue	**85,255**	43,958
	85,255	46,298

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of 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. Securities trading — trading of financial assets at fair value through profit or loss;

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

3. Insurance brokerage — provision of insurance brokerage services.

An operating segment regarding the provision of consultancy and media business operation services and TV programme distribution services was discontinued in the six months ended 30 June 2017. The segment information reported below does not include any amounts for this discontinued operation which are described in more detail in note 10. The insurance brokerage segment was introduced in April 2017.

4. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following table presents the Group's revenue and results from continuing operations by reportable and operating segments for the six months ended 30 June 2018 and 2017 respectively:

Six months ended 30 June 2018

	Securities trading *RMB'000* (Unaudited)	Educational consultancy and online training and education *RMB'000* (Unaudited)	Insurance brokerage *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Continuing operations				
REVENUE				
External sales	—	77,817	7,438	85,255
Segment profit	—	20,212	2,727	22,939
Unallocated other income				202
Unallocated corporate expenses				(9,983)
Profit before tax				13,158

4. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2017

	Securities trading *RMB'000* (Unaudited)	Educational consultancy and online training and education *RMB'000* (Unaudited)	Insurance brokerage *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Continuing operations				
REVENUE				
External sales	—	43,785	173	43,958
Segment (loss) profit	(7,447)	2,503	(257)	(5,201)
Unallocated other income				178
Unallocated corporate expenses				(13,660)
Loss before tax				(18,683)

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

4. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	30 June 2018 *RMB'000* (Unaudited)	31 December 2017 *RMB'000* (Audited)
Segment assets		
Continuing operations		
Securities trading	**66**	2,068
Educational consultancy and online training and education	**130,800**	129,772
Insurance brokerage	**24,715**	20,588
Total segment assets	**155,581**	152,428
Unallocated corporate assets	**174,652**	150,358
Consolidated assets	**330,233**	302,786
Segment liabilities		
Continuing operations		
Educational consultancy and online training and education	**25,972**	32,886
Insurance brokerage	**698**	580
Total segment liabilities	**26,670**	33,466
Unallocated corporate liabilities	**35,836**	35,454
Consolidated liabilities	**62,506**	68,920

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, financial assets at FVTOCI, available-for-sale investments, 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 and deferred tax liability.

5. OTHER INCOME AND GAIN

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Reversal of impairment loss in respect of trade and other receivables	**—**	505
Bank interest income	**165**	178
Other interest income	**—**	58
Net foreign exchange gain	**34**	—
Others	**3**	211
	202	952

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
PRC Enterprise Income Tax — current period	**6,977**	2,276
Deferred tax	**(515)**	(671)
	6,462	1,605

7. PROFIT (LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Depreciation of plant and equipment	**4,461**	3,866
Amortisation of intangible assets (included in cost of sales and services)	**3,679**	3,670
Net foreign exchange losses	**—**	558
Impairment loss on trade receivables	**528**	—
Loss on disposal of plant and equipment	**32**	—
Share-based payment expenses (excluding directors' and chief executive's emoluments)	**1,195**	2,277
Operating lease rentals in respect of rented premises	**6,381**	3,668

8. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings (loss)		
Earnings (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**7,500**	(11,179)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**4,939,693**	4,652,523

From continuing operations

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

Earnings (loss) figures are calculated as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings (loss)		
Earnings (loss) for the period attributable to owners of the Company from continuing operations	**7,500**	(21,654)

9. EARNINGS (LOSS) PER SHARE (Continued)

From continuing operations (Continued)

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

Diluted earnings (loss) per share is same as basic earnings (loss) per share for both periods. The computation of diluted earnings (loss) per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for both six months ended 30 June 2018 and 2017.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation was RMB0.23 cent per share for the six months ended 30 June 2017 (2018: nil), based on the profit for the period from the discontinued operation of approximately RMB10,473,000 (2018: nil) and the denominators detailed above.

10. DISCONTINUED OPERATION

On 20 June 2017, the Group entered into a sale agreement to dispose of a business, Bold Champion International Limited ("Bold Champion"), which Bold Champion and its subsidiaries (collectively referred to as the "Bold Champion Group") carried out all of the Group's other media operations. The disposal was completed on 20 June 2017, on which date control of Bold Champion passed to the acquirer.

The profit from the discontinued operation is set out below.

	For the period ended 20 June 2017 *RMB'000* (Unaudited)
Loss of other media operation for the period	(77)
Gain on disposal of other media operation *(note 19)*	10,550
	10,473

10. DISCONTINUED OPERATION (Continued)

The results of the other media for the period from 1 January 2017 to 20 June 2017, which had been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the period ended 20 June 2017 *RMB'000* (Unaudited)
Revenue	—
Other income	20
Administrative expenses	(79)
Loss before tax	(59)
Income tax expense	(18)
Loss for the period	(77)
Loss for the period from discontinued operation include the following:	
Depreciation of plant and equipment	3

During the six months ended 30 June 2017, Bold Champion Group contributed RMB53,000 to the Group's net operating cash inflows and paid RMB1,000 in respect of investing activities. The carrying amounts of the assets and liabilities of Bold Champion Group at the date of disposal are disclosed in note 19.

11. MOVEMENTS IN PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired assets with a cost of approximately RMB1,946,000 (six months ended 30 June 2017: RMB7,713,000), excluding plant and equipment acquired through acquisition of a subsidiary as set out in note 18.

12. TRADE AND OTHER RECEIVABLES

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Trade receivables	**24,061**	12,481
Less: impairment loss recognised	**(6,598)**	(6,070)
	17,463	6,411
Other receivables	**4,721**	7,020
Less: impairment loss recognised	**(91)**	(90)
	4,630	6,930
Deposits	**1,374**	1,203
Prepayments	**1,816**	5,146
	25,283	19,690

The Group does not hold any collateral over these receivables.

12. TRADE AND OTHER RECEIVABLES (Continued)

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

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Within 30 days	**15,468**	5,490
31 to 60 days	**344**	359
61 to 180 days	**178**	10
181 to 365 days	**1,473**	24
Over 365 days	**—**	528
	17,463	6,411

13. TRADE AND OTHER PAYABLES

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Trade payables	**5,016**	5,937
Other payables	**5,955**	7,703
Receipts in advance *(note a)*	**—**	13,650
Payable of litigation claim *(note b)*	**13,492**	13,492
Accruals	**6,324**	9,001
	30,787	49,783

Notes:

(a) On initial application of HKFRS 15, an amount of approximately RMB13,650,000 relating to receipts in advance from educational consultancy and online training and education service was reclassified to contract liabilities at 1 January 2018.

13. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

(b) Payable of litigation claim to a supplier represents 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 30 June 2018, the carrying value of such LED display panel recognised as construction in progress was nil (31 December 2017: nil), net of accumulated impairment loss of approximately RMB1,587,000 (31 December 2017: RMB1,587,000).

On 9 April 2014, 河北省高級人民法院 promulgated the final decision which is final and conclusive, that 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 payable of litigation claims to a supplier as at 30 June 2018 was approximately RMB12,787,000 (31 December 2017: RMB12,787,000), which included litigation claim of approximately RMB10,342,000 (31 December 2017: RMB10,342,000) plus the estimated accrued interest of approximately RMB2,322,000 (31 December 2017: RMB2,322,000) and the related court expenses of approximately RMB123,000 (31 December 2017: RMB123,000).

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

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**390**	4,502
31–60 days	**658**	15
61–90 days	**102**	581
91–180 days	**315**	—
Over one year	**3,551**	839
	5,016	5,937

The trade payables were due according to the terms on the relevant contracts. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

14. SHARE CAPITAL

	Number of shares		Share capital		Equivalent nominal value of ordinary shares	
	30 June 2018 **'000** **(Unaudited)**	31 December 2017 *'000* (Audited)	**30 June 2018** ***HK$'000*** **(Unaudited)**	31 December 2017 *HK$'000* (Audited)	**30 June 2018** ***RMB'000*** **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Ordinary shares of HK$0.01 each as at 30 June 2018 (31 December 2017: HK$0.01 each)						
Authorised:						
At the beginning and end of the period/year	**100,000,000**	100,000,000	**1,000,000**	1,000,000	**879,100**	879,100
Issued and fully paid:						
At the beginning of the period/year	**4,642,511**	4,652,523	**46,425**	46,525	**38,703**	38,786
Shares repurchased and cancelled *(note a)*	**—**	(10,012)	**—**	(100)	**—**	(83)
Issue of shares *(note b)*	**326,000**	—	**3,260**	—	**2,682**	—
At the end of the period/year	**4,968,511**	4,642,511	**49,685**	46,425	**41,385**	38,703

Notes:

(a) During the year ended 31 December 2017, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	**No. of ordinary shares of HK$0.01 each**	**Price per share Highest** *HK$*	**Lowest** *HK$*	**Aggregate consideration paid** *RMB'000*
July 2017	10,012,000	0.124	0.117	1,049

The above shares were cancelled during the year ended 31 December 2017.

(b) The Company has allotted and issued a total of 326,000,000 new ordinary shares of HK$0.01 each in the share capital of the Company at the subscription price of HK$0.092 per subscription share, raising gross proceeds of approximately HK$29,992,000 (equivalent to approximately RMB24,676,000). The subscription of shares was completed on 16 January 2018.

15. DEFERRED TAX LIABILITY

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

	RMB'000
At 1 January 2017	11,645
Credit to profit or loss	(1,095)
Additions arising from acquisition of a subsidiary	2,500
At 31 December 2017 and 1 January 2018	13,050
Credit to profit or loss	(515)
At 30 June 2018	12,535

16. CAPITAL COMMITMENTS

	30 June 2018 *RMB'000*	30 June 2017 *RMB'000*
Commitments contracted but not provided for in respect of:		
Capital contribution to associates	**3,840**	3,840

17. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 28 May 2014 for the primary purpose of providing incentives to directors, eligible employees and external consultants and will expire on 28 May 2024.

On 29 June 2017, 42,300,000 share options were granted to employees and external consultants under the Scheme. The exercise price of the options of HKD0.127 was equal to the market price of the shares on the date of grant. The options not more than 30% will be vested on 18 May 2017, not more than 60% will be vested on 18 May 2018, and not more than 100% will be vested on 18 May 2019. The fair value at grant date is estimated using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is 5 years. There is no cash settlement of the options. The fair value of options granted during the six months ended 30 June 2017 was estimated on the date of grant using the following assumptions:

Dividend yield	0%
Expected volatility	75.39%
Risk-free interest rate	1.130%
Expected life of share options	5 years
Weighted average share price	HK$0.127

For six months ended 30 June 2018, the Group has recognised approximately HK$1,664,000 (equivalent to approximately RMB1,353,000) (six months ended 30 June 2017: HK$2,590,000 (equivalent to approximately RMB2,278,000)) of share-based payment expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

The table below discloses movement of the Company's share options held by the Group's directors, employees and consultants:

	Number of share options
Outstanding as at 1 January 2018	335,984,000
Forfeited during the period	(218,474,000)
Outstanding as at 30 June 2018	117,510,000

18. ACQUISITION OF A SUBSIDIARY

Six months ended 30 June 2018

On 5 February 2018, the Group completed the acquisition of the entire equity interests of Sunday Technology Development Limited ("Sunday Technology") from Mr. Lu Xing, a director of the Company, for a cash consideration of HK$2,200,000 (equivalent to approximately RMB1,861,000). The directors of the Company are of the opinion that the acquisition of Sunday Technology is in substance an asset acquisition instead of a business combination, as the net assets of Sunday Technology was mainly intangible assets and Sunday Technology was inactive prior to the acquisition by the Group.

Net assets of Sunday Technology acquired:

	RMB'000
Intangible asset	1,861
Plant and equipment	650
Amount due to a shareholder	(650)
	1,861
Satisfied by:	
Net cash outflow arising from acquisition	1,861

Six months ended 30 June 2017

On 27 April 2017, the Group acquired 100% of issued share capital of Beijing Zhongjin Insurance Brokerage Limited ("Beijing Zhongjin") for consideration of RMB10,000,000. This acquisition had been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was approximately RMB4,350,000. Beijing Zhongjin is engaged in the provision of insurance brokerage services. Beijing Zhongjin was acquired so as to continue the expansion of the Group's insurance brokerage operations.

18. ACQUISITION OF A SUBSIDIARY (Continued)

Six months ended 30 June 2017 (Continued)

Consideration transferred

	RMB'000
Cash	10,000

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Intangible asset	10,000
Plant and equipment	114
Trade and other receivables	1,641
Bank balances and cash	5
Trade and other payable	(3,610)
Deferred tax liability	(2,500)
	5,650

18. ACQUISITION OF A SUBSIDIARY (Continued)

Six months ended 30 June 2017 (Continued)

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	10,000
Less: net assets acquired	(5,650)
Goodwill arising on acquisition	4,350

Goodwill arose in the acquisition of Beijing Zhongjin because the cost of the combination included a control premium.

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

Net cash outflow on acquisition of Beijing Zhongjin:

	RMB'000
Cash consideration paid	10,000
Less: Bank balances and cash acquired	(5)
	9,995

Included in the loss for the six months ended 30 June 2017 was RMB86,000 attributable to the additional business generated by Beijing Zhongjin. Revenue for the six months ended 30 June 2017 included RMB173,000 generated from Beijing Zhongjin.

Had the acquisition been completed on 1 January 2017, total revenue of the Group for the six moths ended 30 June 2017 would had been RMB46,817,000, and loss for the six months ended 30 June 2017 would had been RMB9,661,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would had been achieved had the acquisition been completed on 1 January 2017, nor was it intended to be a projection of future results.

19. DISPOSAL OF SUBSIDIARIES

As referred to note 10, on 20 June 2017, the Group discontinued its other media operations at the time of disposal of Bold Champion Group. The net assets of Bold Champion Group at the date of disposal were as follows:

Consideration received:

	RMB'000
Cash received	9

Analysis of assets and liabilities over which control was lost:

	RMB'000
Plant and equipment	9
Intangible assets	—
Goodwill	—
Bank balances and cash	107
Amount due to non-controlling interests (included in other payables)	(230)
Trade and other payables	(1,938)
Income tax payable	(8,678)
	(10,730)

Gain on disposal of subsidiaries:

	RMB'000
Consideration received	9
Add: net liabilities disposed of	10,730
Less: non-controlling interests	(195)
Add: Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	6
Gain on disposal	10,550

The gain on disposal was included in the profit for the six months ended 30 June 2017 from discontinued operation (see note 10).

19. DISPOSAL OF SUBSIDIARIES (Continued)

Net cash outflow on disposal of subsidiaries

	RMB'000
Cash consideration	9
Less: bank balances and cash disposed of	(107)
	(98)

The impact of Bold Champion Group on the Group's results and cash flows in the prior period was disclosed in note 10.

20. RELATED PARTY TRANSACTIONS

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

(b) **Compensation of key management personnel**

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**1,893**	1,181
Post-employment benefits	**61**	57
Share-based payment expenses	**158**	1
	2,112	1,239

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.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. 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 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 30 June 2018 and 1 January 2018:

As at 30 June 2018

	Level 3
	RMB'000
Financial assets at FVTOCI	
Unlisted equity shares	**70,243**

As at 1 January 2018

	Level 3
	RMB'000
Financial assets at FVTOCI	
Unlisted equity shares	77,843

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(Continued)

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

	Unlisted equity shares *RMB'000*
As at 1 January 2018	**77,843**
Total gains (losses) in other comprehensive income	**(7,600)**
As at 30 June 2018	**70,243**

As at 1 January 2018, these equity securities were reclassified from available-for-sale investments to financial assets at FVTOCI.

Fair value of financial assets that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instrument on a recurring basis are set out below:

Financial Instruments	Fair value hierarchy	Fair value as at 30/6/2018 *RMB'000*	Fair value as at 1/1/2018 *RMB'000*	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Unlisted equity shares	Level 3	**70,243**	77,843	Market approach by applying market multiples from comparable companies and adjusted by marketability discount	— Multiples of comparable companies; — Marketability discount	The higher the multiples/ the lower the marketability discount, the higher the fair value

Except for the financial assets listed above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their corresponding fair value.

FINANCIAL REVIEW

For the Reporting Period, the Group recorded a revenue of approximately RMB85.3 million (six months ended 30 June 2017: approximately RMB44.0 million), representing a significant increase of 93.9% as compared to the last corresponding period.

The overall operating performance of the Group for the Reporting Period was much better than the last corresponding period. Out of the total revenue, approximately RMB77.8 million (six months ended 30 June 2017: approximately RMB43.8 million) was generated from educational consultancy and online training and education business, representing an increase of approximately 77.7%, and approximately RMB7.4 million (six months ended 30 June 2017: approximately RMB0.2 million) was generated from the insurance brokerage business for the Reporting Period.

The educational consultancy and online training and education business continued to be the major contributor of revenue to the Group which accounted for 91.3% of the total revenue for the Reporting Period. The insurance brokerage business was acquired by the Group in 2017 and its business achieved a significant progress and recording a revenue of approximately RMB7.4 million for the Reporting Period, compared to a revenue of approximately of RMB3.6 million for the year ended 31 December 2017. During the Reporting Period, the Group continued to increase its geographical coverage in providing online training and education services with major additions in Hebei province and Henan province.

In view of the huge market potential of the online training and education business, the management expects that there will be a steady and sustainable growth in the Group's educational consultancy and online training and education business. The revenue derived from educational consultancy and online training and education is usually subject to certain seasonality as more users would prefer to undertake the trainings closer to the end of the year. As an illustration, the revenue derived from educational consultancy and online training and education for the six months ended 30 June 2017 only accounted for approximately 34.7% of the annual revenue for the year ended 31 December 2017.

Cost of sales and services for the Reporting Period was approximately RMB32.5 million (six months ended 30 June 2017: approximately RMB16.2 million), representing an increase of approximately 101.0% as compared to the last corresponding period. The increase in cost of sales and services was boardly in line with the growth of the revenue for the Reporting Period.

Gross profit margin for the Reporting Period decreased slightly to approximately 61.9% (six months ended 30 June 2017: approximately 63.2%). For the educational consultancy and online training and education business, its gross profit margin increased slightly from approximately 63.2% for the six months ended 30 June 2017 to approximately 63.3% for the Reporting Period as a result of better economy of scale achieved. For the insurance brokerage business, the gross profit margin for the Reporting Period was approximately 46.9%.

Selling and marketing expenses for the Reporting Period was approximately RMB11.3 million (six months ended 30 June 2017: approximately RMB12.8 million), representing a decrease of approximately 11.7% as compared to the last corresponding period. The decrease in selling and marketing expenses was mainly due to the decrease in television channel rental fee and co-operation fee offset by the increase in consultancy fee, meeting fee and depreciation.

Administrative expenses for the Reporting Period was approximately RMB28.5 million (six months ended 30 June 2017: approximately RMB27.1 million), representing an increase of 5.1% as compared to the last corresponding period. The increase in administrative expenses was mainly due to increase in legal and professional fee and salary and entertainment expenses, offset by the decrease in research and development expenses as well as share-based payment expenses.

There was no realised and unrealised loss on fair value changes of held for trading investments for the Reporting Period as substantially all the held for trading investments have been disposed of in the previous year.

As a result of the above, there was a turnaround to the profit attributable to owners of the Company of approximately RMB7.5 million during the Reporting Period, compared to the loss attributable to owners of the Company of approximately RMB11.2 million for the six months ended 30 June 2017. The basic earnings per share for the Reporting Period was approximately RMB0.15 cent compared to a basic loss per share of approximately RMB0.24 cent for the last corresponding period.

BUSINESS REVIEW

The Group is principally engaged in the provision of the online training and education services in the PRC. Being one of the very few pioneers of online education providers in the PRC, we mainly provide vocational training in relation to job adaption and skill enhancement to civil servants and professional technical personnel, such as lawyers, accountants, doctors, teachers, etc., in the PRC. The current population of civil servants and professional technical personnel in the PRC is over 84 million. There are certain requirements under the PRC laws and relevant provisions that, civil servants and professional technical personnel in the PRC are required to undertake an annual required minimum continuing professional training in both public required subjects and relevant professional subjects in order to satisfy their corresponding job requirements and professional development needs.

The Group is currently providing online training and education services to its users through internet and telecommunication networks. The Group is operating over 120 online training and education platforms and a mobile terminal learning platform, Rongxue App* (融學App). Currently, we have over 5 million of paid users. Over the past few years, our online training platforms had provided training to an accumulated person-times of over 25 million. Since the launch of Rongxue App in 2016, its registered users have increased quickly to over 2.3 million in the current year.

During the Reporting Period, we continued to expand our online training and education business to more geographical areas in the PRC. Our online training and education business currently covers 17 provinces, autonomous regions and municipalities as well as 40 cities in the PRC.

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

In addition, the Group has acquired Beijing Zhongjin Insurance Brokerage Limited* ("Beijing Zhongjin") (北京中金保險經紀有限公司) and Well Tunes Financial Group Limited in 2017 in order to enter into the insurance brokerage business. The insurance brokerage business achieved a significant progress and recording a revenue of approximately RMB7.4 million for the Reporting Period.

FUTURE PLANS

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

In 2017, the PRC government has introduced a new standard named "National Occupational Qualification" (國家職業資格) of professional technical personnel (專業技術人員) and skilled personnel (技能人員) which covers 139 different occupations. This would largely increase the population of professional technical personnel and skilled personnel who would need vocational training for annual renewal of their qualification. We believe that it represents a huge business opportunity to our online training and education business.

In addition to the area of continuing education, we will target to diversify our business into the pre-qualification training and education business in light of the more stringent requirements for admission to the respective qualification as professional technical personnel and skilled personnel.

Apart from the domestic training and education, we aim to have more diversification of business by introducing certain international components to the training and education in the PRC. We are targeting to introduce certain high quality international curriculum into the PRC in order to promote the globalization and recognition of the education system in the PRC.

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

Furthermore, the Group plans to launch its online to offline model whenever it is desirable so that our customers can enjoy the convenience of selecting and paying for the suitable training courses online as well as enjoying the better post-sales servicing and interaction with our local offices and staff.

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

Online training and education is our starting point and we are growing in our training and education business in light of the huge market potential in the PRC. In view of the ecological environment in the internet world, we firmly believe that the huge volume of accurate data accumulated from our online training and education business can bring us forward to other business opportunities which can help to grow the Group’s businesses and deliver more values to our shareholders.

SIGNIFICANT INVESTMENTS

As at 30 June 2018, the Group has four financial assets at fair value through other comprehensive income with details as follows:

	Note	Number of shares held	Investment cost *(RMB'000)*	Percentage of interest held	Carried at cost less impairment as at 31 December 2017 *(RMB'000)*	Measured at fair value as at 1 January 2018 *(RMB'000)*	Measured at fair value as at 30 June 2018 *(RMB'000)*
Investment A	(a)(b)(f)	N/A	38,000	20%	38,000	38,000	36,000
Investment B	(a)(c)(f)	N/A	25,000	2.5%	25,000	35,000	29,000
Investment C	(a)(d)(f)	N/A	2,000	4%	2,000	1,600	2,000
Investment D	(a)(e)	50,000	3,243	12.35%	3,243	3,243	3,289
Total:			68,243		68,243	77,843	70,289

Notes:

(a) The Group has not been in a position to exercise significant influence over the financial and operational policies of all of the investments. Accordingly, all the investments have been classified as financial assets at fair value through other comprehensive income.

(b) Investment A is a private company incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During the Reporting Period, Investment A was loss-making according to the management accounts of Investment A.

(c) Investment B is a mutual insurance agency in the PRC and is principally engaged in the provision of life insurance products in the PRC. During the Reporting Period, Investment B was loss-making according to the management accounts of Investment B.

(d) Investment C is a private company incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During the Reporting Period, Investment C was profit-making according to the management accounts of Investment C.

(e) Investment D is a private company incorporated in the Cayman Islands and is principally engaged in investing in cultural innovation industry in Greater China region. The financial performances of Investment D as at 31 December 2017 and 30 June 2018 were referenced to the respective reports from the manager of Investment D. The change in carrying value of Investment D for the Reporting Period represented the exchange realignment.

(f) Investment A, Investment B and Investment C are collectively referred to as the “Investments”. As at 31 December 2017, the Investments were carried at cost less impairment, if any. As at 1 January 2018 and 30 June 2018, the Investments were measured at fair values. The Group engaged an independent external expert to determine the fair values of the Investments as at 1 January 2018 and 30 June 2018. The fair values of the Investments were determined using the market approach by applying market multiples from comparable companies and adjusted by marketability discount.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed elsewhere in this report, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group had bank balances and cash of approximately RMB100.6 million (at 31 December 2017: approximately RMB80.2 million).

As at 30 June 2018, the Group's net current assets totalled approximately RMB75.9 million (at 31 December 2017: approximately RMB44.0 million).

The Group's current ratio was approximately 2.52 times as at 30 June 2018 as compared with 1.79 times as at 31 December 2017.

GEARING RATIO

The gearing ratio of the Group (measured as total liabilities to total assets) was 18.9% as at 30 June 2018 (at 31 December 2017: 22.8%).

CAPITAL STRUCTURE

As at 30 June 2018, the Company's issued share capital was approximately HK$49,685,106 and the number of its issued ordinary shares was 4,968,510,578 shares of HK$0.01 each.

SUBSCRIPTION OF NEW SHARES

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

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

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

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

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

	Intended use of net proceeds from Subscription (Approximate)	**Utilised net proceeds from Subscription for the six months ended 30 June 2018 (Approximate)**	**Unutilised net proceeds from Subscription as at 30 June 2018 (Approximate)**
For developing and expanding its financial related business, especially the insurance brokerage business acquired by the Group in April 2017 and general working capital of the Group	HK$29.7 million	HK$15 million for increasing the capital of Beijing Zhongjin in order to expand its business scope and area; and HK$14.7 million for general working capital of the Group.	—

As at 30 June 2018, all net proceeds raised from Subscription has been fully utilised.

FOREIGN EXCHANGE EXPOSURE

Substantially all of the business transactions of the Group are denominated in Renminbi and Hong Kong dollars. The Group adopts a conservative financial policy. During the Reporting Period, the Group did not have any bank liabilities, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

CHARGE ON GROUP ASSETS

As at 30 June 2018 and 31 December 2017, the Group did not have any charges on its assets.

CAPITAL COMMITMENT

As at 30 June 2018, the Group had outstanding capital commitment in respect of the investment of 48% of the equity interest of a new company to be established in Shenzhen of approximately RMB3.8 million (31 December 2017: approximately RMB3.8 million).

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 30 June 2018, the Group had 189 employees (31 December 2017: 218 employees) in Hong Kong and the PRC and the total staff costs (including all Directors' remuneration and fees) are approximately RMB19.7 million for the Reporting Period (six months ended 30 June 2017: approximately RMB20.4 million).

We offer competitive remuneration package, including medical and retirement benefits, to eligible employees. In order to attract, retain and motivate eligible employees, including the Directors, the Company had adopted share option schemes (the "Share Option Schemes"). As at 30 June 2018, there were 117,510,000 share options remained outstanding which can be exercised by the grantees of the Share Option Schemes.

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

SHARE OPTION SCHEMES

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

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

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

During the Reporting Period, no share options were granted, 218,474,000 share options were lapsed and no share options were exercised or cancelled under the Share Option Scheme 2014. Movements of share options in the Reporting Period under the Share Option Scheme 2014 are summarised as follows:

List of Grantees	Balance as at 1 January 2018	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Balance as at 30 June 2018	Exercise Price *HK$*	Date of Grant	Exercise Period
Directors									
Lu Xing	2,000,000	–	–	2,000,000	–	–	0.4	04/05/2015	04/05/2015–03/05/2018
Li Jia	10,000,000	–	–	10,000,000	–	–	0.4	04/05/2015	04/05/2015–03/05/2018
Wu Xiaodong	2,000,000	–	–	2,000,000	–	–	0.4	04/05/2015	04/05/2015–03/05/2018
	3,000,000	–	–	–	–	3,000,000	0.127	29/06/2017	29/06/2017–28/06/2022 *(Note 6)*
Wang Cheng	3,000,000	–	–	–	–	3,000,000	0.127	29/06/2017	29/06/2017–28/06/2022 *(Note 6)*
Li Dongfu	1,500,000	–	–	1,500,000	–	–	0.4	04/05/2015	04/05/2015–03/05/2018
	3,000,000	–	–	–	–	3,000,000	0.127	29/06/2017	29/06/2017–28/06/2022 *(Note 6)*
Leung Siu Kee	1,000,000	–	–	1,000,000	–	–	0.4	04/05/2015	04/05/2015–03/05/2018
Wu Yalin	1,000,000	–	–	–	–	1,000,000	0.127	29/06/2017	29/06/2017–28/06/2022 *(Note 6)*
Wang Shuping	1,000,000	–	–	1,000,000	–	–	0.4	04/05/2015	04/05/2015–03/05/2018
	500,000	–	–	–	–	500,000	0.127	29/06/2017	29/06/2017–28/06/2022 *(Note 6)*
Subtotal	28,000,000	–	–	17,500,000	–	10,500,000			
Employees									
In aggregate	41,774,000	–	–	41,774,000	–	–	0.4	04/05/2015	04/05/2015–03/05/2018 *(Note 2)*
	2,510,000	–	–	–	–	2,510,000	0.684	02/07/2015	02/07/2015–01/07/2019 *(Note 3)*
	10,700,000	–	–	–	–	10,700,000	0.29	18/05/2016	18/05/2016–17/05/2021 *(Note 4)*
	3,000,000	–	–	–	–	3,000,000	0.184	28/10/2016	28/10/2016–27/10/2021 *(Note 5)*
	28,800,000	–	–	–	–	28,800,000	0.127	29/06/2017	29/06/2017–28/06/2022 *(Note 6)*
Subtotal	86,784,000	–	–	41,774,000	–	45,010,000			

List of Grantees	Balance as at 1 January 2018	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Balance as at 30 June 2018	Exercise Price *HK$*	Date of Grant	Exercise Period
Consultants									
In aggregate	159,200,000	–	–	159,200,000	–	–	0.4	04/05/2015	04/05/2015–03/05/2018
	48,000,000	–	–	–	–	48,000,000	0.684	02/07/2015	02/07/2015–01/07/2018
	4,000,000	–	–	–	–	4,000,000	0.261	20/10/2015	20/10/2015–19/10/2018
	7,000,000	–	–	–	–	7,000,000	0.29	18/05/2016	18/05/2016–17/05/2021 *(Note 4)*
	3,000,000	–	–	–	–	3,000,000	0.127	29/06/2017	29/06/2017–28/06/2022 *(Note 6)*
Subtotal	221,200,000	–	–	159,200,000	–	62,000,000			
Total	335,984,000	–	–	218,474,000	–	117,510,000			

Notes:

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

2. Not more than 30% of the share options will be vested on 4 May 2016. Not more than 60% of the share options will be vested on 4 May 2017. Not more than 100% of the share options will be vested on 3 May 2018. (Such vesting period is not applicable for the directors, consultants, chief financial officer, chief operating officer, company secretary, human resources manager and assistant to the chairman of the Company.)

3. Not more than 30% of the share options will be vested on 2 July 2016. Not more than 60% of the share options will be vested on 2 July 2017. Not more than 100% of the share options will be vested on 1 July 2018. (Such vesting period is not applicable for the consultants of the Company.)

4. Not more than 30% of the share options will be vested on 18 May 2017. Not more than 60% of the share options will be vested on 18 May 2018. Not more than 100% of the share options will be vested on 18 May 2019.

5. Not more than 30% of the share options will be vested on 28 October 2017. Not more than 60% of the share options will be vested on 28 October 2018. Not more than 100% of the share options will be vested on 28 October 2019.

6. Not more than 30% of the share options will be vested on 29 June 2018. Not more than 60% of the share options will be vested on 29 June 2019. Not more than 100% of the share options will be vested on 29 June 2020.

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

As at 30 June 2018, the following Directors or chief executives of the Company had held the following interests or short positions in the shares, underlying shares (as defined in the Securities and Futures Ordinance (the "SFO")) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Long positions in the Company:

Name of Directors	Nature of interests	Number of issued ordinary shares held	Number of underlying shares held pursuant to share options	Aggregate number of shares held	Approximate aggregate percentage of the issued share capital
Lu Xing ("Mr. Lu")	Beneficial owner	33,096,000	—	822,724,323	16.56%
	Held by controlled corporation	789,628,323 *(Note 1)*	—		
Li Jia	Beneficial owner	7,936,000	—	7,936,000	0.16%
Wu Xiaodong	Beneficial owner	18,003,000	3,000,000	21,003,000	0.42%
Wang Cheng	Beneficial owner	12,166,000	3,000,000	15,166,000	0.31%
Li Dongfu	Beneficial owner	—	3,000,000	3,000,000	0.06%
Wang Shuping	Beneficial owner	—	500,000	500,000	0.01%
Wu Yalin	Beneficial owner	—	1,000,000	1,000,000	0.02%

Note:

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

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executives of the Company held any interests or short positions in the shares, underlying shares (as defined in the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 30 June 2018, the following persons (other than Directors or chief executives of the Company) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the Company:

Name of substantial shareholders of the Company	Nature of interests	Number of issued ordinary shares/ underlying shares held	Aggregate number of shares held	Approximate aggregate percentage of the issued share capital
Headwind Holdings Limited	Beneficial owner	680,000,000 *(Note 1)*	680,000,000	13.69%
Guo Zhen Bao	Beneficial owner	184,622,032	381,030,032	7.67%
	Held by spouse	196,408,000 *(Note 2)*		
Sheng Yuan Asset Management Limited	Beneficial owner	354,972,000	354,972,000	7.14%
Ho Wai Kong ("Mr. Ho")	Beneficial owner	500,000	292,359,306	5.88%
	Held by controlled corporation	241,639,306 *(Note 3)*		
	Held by spouse	50,220,000 *(Note 4)*		
Guo Binni	Beneficial owner	50,220,000	292,359,306	5.88%
	Held by spouse	242,139,306 *(Note 3)*		

Notes:

1. These 680,000,000 shares are held by Headwind Holdings Limited. which is incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lu.

2. These 196,408,000 shares are held by Ms. Ren Jiying who is the spouse of Mr. Guo Zhen Bao.

3. Of these 241,639,306 shares, 240,139,306 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.

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

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any interests or short position being held by any substantial shareholder in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

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

Code Provision A.2.1

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

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

Code Provision A.6.7

Under the code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some non-executive Directors were not able to attend the annual general meeting held on 14 June 2018 due to their respective business engagements. Other Board members who attended that general meeting were already of sufficient calibre and number for answering questions raised by the shareholders of the Company at that general meeting.

COMPLIANCE WITH MODEL CODE

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the Reporting Period.

EVENT AFTER THE REPORTING PERIOD

No significant events took place subsequent to 30 June 2018.

AUDIT COMMITTEE

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

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

Hong Kong, 23 August 2018

As at the date of this report, the Board comprises Mr. Lu Xing (Chairman), Mr. Li Jia, Mr. Wu Xiaodong, Mr. Wang Cheng and Mr. Li Dongfu as executive Directors; and Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping as independent non-executive Directors.