China Chuanglian Education Financial Group Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

2020 Annual Report

Contents

Corporate Information

Executive Directors

Mr. LU Xing *(Chairman of the Board)*
Mr. LI Jia
Mr. XU Dayong
Mr. HU Dingdong *(Chief Executive)*

Independent Non-executive Directors

Mr. LEUNG Siu Kee
Mr. WU Yalin
Ms. WANG Shuping

Company Secretary

Mr. OR Wing Keung

Audit Committee

Mr. LEUNG Siu Kee
(Chairman of the Audit Committee)
Mr. WU Yalin
Ms. WANG Shuping

Remuneration Committee

Ms. WANG Shuping
(Chairman of the Remuneration Committee)
Mr. LEUNG Siu Kee
Mr. WU Yalin

Nomination Committee

Mr. WU Yalin
(Chairman of the Nomination Committee)
Mr. LEUNG Siu Kee
Ms. WANG Shuping

Authorised Representatives

Mr. LI Jia
Mr. OR Wing Keung

Auditor

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditor

Principal Banker

Hang Seng Bank Limited

Registered Office

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

Principal Place of Business in Hong Kong

Room 905-06, 9/F.
China Evergrande Centre
38 Gloucester Road
Wanchai, Hong Kong

Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited
Room 2103B
21/F., 148 Electric Road
North Point, Hong Kong

Website

www.chinahrt.com

Stock Code

2371

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

RESULTS

	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000 (restated)
Turnover	**183,025**	164,940	152,084	134,022	88,287
Gross profit	**102,707**	101,156	82,412	73,748	44,952
(Loss)/profit for the year	**(2,950)**	(19,640)	6,232	(14,840)	(191,895)
(Loss)/profit for the year attributable to:					
Owners of the Company	**(2,059)**	(20,199)	7,588	(15,232)	(189,233)
Non-controlling interests	**(891)**	559	(1,356)	392	(2,662)
	(2,950)	(19,640)	6,232	(14,840)	(191,865)
Basic (loss)/earnings per share (RMB cent)	**(0.03)**	(0.37)	0.15	(0.33)	(4.07)

ADJUSTED RESULTS#

	2020	2019	2018	2017	2016
Profit/(loss) before tax	**4,525**	3,047	17,363	(9,575)	(24,942)
Profit/(loss) attributable to owners of the Company	**357**	(7,519)	14,448	(6,729)	(65,618)
Basic earnings/(loss) per share (RMB cent)	**0.01**	(0.14)	0.29	(0.14)	(1.41)

ASSETS AND LIABILITIES

	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Non-current assets	**274,419**	318,821	204,599	202,904	172,056
Current assets	**172,269**	123,894	107,613	99,882	149,261
Current liabilities	**(77,597)**	(62,281)	(47,067)	(55,870)	(64,153)
Net current assets	**94,672**	61,613	60,546	44,012	85,108
Non-current liabilities	**(106,012)**	(119,934)	(11,979)	(13,050)	(11,645)
Non-controlling interests	**(6,370)**	(4,212)	(2,918)	(4,274)	(2,207)
Equity attributable to owners of the Company	**256,709**	256,288	250,248	229,592	243,312

Adjusted results refers to activities for the period excluding share-based payments and impairment losses charged/reversed.

On behalf of the Board (the "Board") of directors (the "Directors") of China Chuanglian Education Financial Group Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020 (the "Reporting Period").

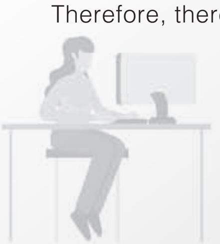
RESULTS

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

INDUSTRY REVIEW

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

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



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

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

BUSINESS REVIEW

The Group is principally engaged in the provision of the online training and education services in the PRC and mainly provides online/offline training services for millions of professional staff in various provinces and cities across China to adapt to job requirements and improve their job skills. The current population of professional staff in the PRC is over 82 million. There are certain requirements under the PRC laws and relevant provisions that professional staff in the PRC are required to undertake an annual required minimum continuing professional training in both public required subjects and relevant professional subjects in order to satisfy their corresponding job requirements and professional development needs.

The Group is now providing comprehensive online training and education services to professional staff, through the Internet and mobile Internet. The Group is operating more than 150 large-scale online training and education service platforms for institutional B-end users and an online education platform (Rongxue Cloud) for mobile Internet C-end users. The Group currently has more than 6 million paying users. In the past few years, the Group's online training platform has provided training for more than 40 million people.

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

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

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

During the Reporting Period, the Group has restructured the business for asset management. The Group has launched three funds, namely Premier Global Investment Fund SPC, Premier Frontier IPO Fund and CCB Frontier Fortune Fund, with asset under management as at 31 December 2020 approximately HK$300 million, started generating revenue during the Reporting Period. For money lenders business, since the business is still in developing stage, the contribution from the business to the Group was still minimal.

FUTURE PLANS

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

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

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

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

For financial services business areas, the Group will continue to establish more local offices for insurance brokerage business in major cities in the PRC in order to capture the nationwide demand for insurance products and provide high quality post-sales services to the customers. In addition, the Group will set up an online platform to deliver its insurance services by providing better pre-sales and post-sales services to its potential and existing customers.

Apart from insurance business, the Group will also continue to develop its securities brokerage and asset management business to further satisfy the potential financial needs of our customers. The Group will continue to strengthen its platform for financial management services and put its efforts in funds management by establishing additional funds of various types and develop more financial products in order to expand its customer base to keep abreast of the market trends.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to our management team and employees for their dedication and hard work during the year. I would also like to take this opportunity to send my best regards to all our shareholders, business partners and investors for their support over the years. With the increasing demand for online education and training services in the PRC, we remain confident that we will be able to maintain sustainable business growth and maximize the shareholders' value in the future.

Lu Xing
Chairman

Hong Kong, 26 March 2021

* For identification purpose only

FINANCIAL REVIEW

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

Out of the total revenue, approximately RMB174,829,000 (2019: approximately RMB160,073,000) was generated from educational consultancy and online training and education business, and approximately RMB8,196,000 (2019: approximately RMB4,867,000) was generated from the financial services business for the Reporting Period. The educational consultancy and online training and education business continued to be the major contributor of revenue to the Group which accounted for 95.5% of the total revenue for the Reporting Period. The revenue derived from educational consultancy and online training and education business is usually subject to certain seasonality as more users would prefer to undertake the trainings closer to the end of the year.

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

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

There was an increase the Group's revenue generated from the financial services business during the Reporting Period as the Group has finished business realignment in relation to the financial services business and launched three funds and started generating revenue during the Reporting Period. The Group remains optimistic about the potential growth of the Group's financial services business and its potential synergy with the Group's educational consultancy and online training and education business.

Cost of services for the Reporting Period was approximately RMB80,318,000 (2019: approximately RMB63,784,000), representing increase of approximately 25.9% as compared to the last corresponding period. The increase in cost of services was mainly due to the increase in co-operation fee, depreciation of plant and equipment and right-of-use assets and content delivery network expense.

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

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

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

SIGNIFICANT INVESTMENTS

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

As at 31 December 2020, the Group has four financial assets at fair value through other comprehensive income ("FVTOCI") and one financial asset at fair value through profit or loss with details as follows:

	Notes	Number of shares held	Investment cost (RMB'000)	Percentage of interest held	Measured at fair value as at 1 January 2020 (RMB'000)	Addition (RMB'000)	Fair value change (RMB'000)	Exchange realignment (RMB'000)	Measured at fair value as at 31 December 2020 (RMB'000)
Investment A	(a) (f)	N/A	38,000	19.8%	17,500	–	4,500	–	22,000
Investment B	(b) (f)	N/A	25,000	2.5%	23,000	–	6,000	–	29,000
Investment C	(c) (f)	N/A	2,000	4%	1,000	–	(1,000)	–	–
Investment D	(d)	N/A	2,400	19.4%	–	2,400	–	–	2,400
Investment E	(e)	50,000	3,243	12.35%	3,479	–	(1,687)	(207)	1,585
Total:			70,643		44,979	2,400	7,813	(207)	54,985

Notes:

(a) Investment A is a private company namely 北京國亞通寶科技有限公司 ("Guoya Tongbao") incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During the Reporting Period, Guoya Tongbao was loss-making according to the management accounts. The management decided to hold the investment for medium or long-term strategic purpose.

(b) Investment B is a loan investment in a mutual insurance agency namely Xinmei Mutual incorporated in the PRC and is principally engaged in the provision of life insurance products in the PRC. During the Reporting Period, Xinmei Mutual was profit-making according to the management accounts. On 22 March 2021, 北京創聯國培雲科技有限公司, a wholly-owned subsidiary of the Company entered into a transfer agreement with an independent third party to sell the loan investment.

(c) Investment C is a private company namely 北京亞格斯科技發展有限公司 ("Yagus") incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During Reporting Period, Yagus was loss-making according to the management accounts. The management decided to hold the investment for medium or long-term strategic purpose.

(d) Investment D is a private company namely 北京創聯恆通信息服務有限公司 ("Hengtong") incorporated in the PRC and is principally engaged in information technology consulting services. During Reporting Period, Hengtong was still at initial development stage and the fair value of Investment D was referenced to the net book value outlined in the management accounts of Hengtong as at 31 December 2020. The management decided to hold the investment for medium or long-term strategic purpose.

(e) Investment E is a fund investment namely Flyover Fund SPC Limited ("Flyover") incorporated in the Cayman Islands and is principally engaged in investing in cultural innovation industry in Greater China region. The financial performances of Flyover as at 31 December 2019 and 31 December 2020 were referenced to the respective reports from the manager of Flyover. The management will continue to hold the investment and expect a high yield in the new future.

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

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

GEARING RATIO

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

CAPITAL STRUCTURE

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

RISKS RELATING TO THE CONTRACTUAL ARRANGEMENTS

Significance of Beijing Chuanglian Education' s business activities to the Company

北京創聯教育投資有限公司 (Beijing Chuanglian Education Investment Company Limited*) ("Beijing Chuanglian Education") is a domestic enterprise in the PRC principally engaged in investment management and provision of investment-related, technical or educational consultancy services. It holds the ICP Licence and the licences for the production and publication of audiovisual products in the PRC. It receives course fees from the provision of online training and education courses for civil servants and professional technicians on websites and platforms, including 中國國家人事人才培訓網 (China Human Resources Training Website*) (www.chinanet.gov.cn).

As advised by the PRC legal adviser to the Company, the provision of online training and education related content on websites is subject to various PRC laws and regulations relating to the telecommunications industry. Pursuant to Article 6 of the Administrative Rules for Foreign Investments in Telecommunications Enterprises (外商投資電信企業管理規定) and the revised foreign investment catalog issued by the National Development and Reform Commission of the PRC in July 2017, a foreign investor is prohibited from owning more than a 50% equity interest in a Chinese entity providing value-added telecommunications services. 北京創聯國培雲科技有限公司 (Beijing Chuanglian Guopei Cloud Technology Company Limited* (formerly known as 北京創聯中人技術服務有限公司)) ("Beijing Chuanglian Guopei"), being a wholly foreign owned enterprise of the Group, is ineligible to apply for licenses for the value-added telecommunications services business including the ICP License. In addition, Beijing Chuanglian Guopei is prohibited to obtain more than 50% equity interest in Beijing Chuanglian Education under the prevailing rules and regulations in the PRC. To cope with such constraint and in order to take part in the PRC's online training and education market, Beijing Chuanglian Guopei has entered into the Consultancy and Services Agreement as well as other agreements under the Contractual Arrangements with Beijing Chuanglian Education to obtain the right and ability to control and the economic benefits of Beijing Chuanglian Education.

The following table sets out the financial contribution of Beijing Chuanglian Education to the Group:

	Significance and contribution to the Group			
	Revenue For the year ended 31 December		Total assets As at 31 December	
	2020	2019	**2020**	2019
Beijing Chuanglian Education	**97.4%**	99.8%	**66.8%**	69.2%

Revenue and assets subject to the Contractual Arrangements

The table below sets out Beijing Chuanglian Education's revenue and assets which are consolidated into the accounts of the Group pursuant to the Contractual Arrangements:

	Revenue For the year ended 31 December 2020 RMB'000	Total assets As at 31 December 2020 RMB'000
Beijing Chuanglian Education	178,274	298,474

Risks associated with the Contractual Arrangements

(1) The PRC Government may determine that the Contractual Arrangements are not in compliance with the applicable PRC laws, rules, regulations or policies. There can be no assurance that the Contractual Arrangements will be deemed by the PRC government to be in compliance with the licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future, or that the Contractual Arrangements may be effectively enforced without limitation.

(2) The Group depends upon the Contractual Arrangements in conducting the online training and education services business in China and receiving payments through Beijing Chuanglian Education, which may not be as effective as direct ownership.

(3) The registered shareholder of Beijing Chuanglian Education (i.e. the Guarantor) may have potential conflict of interests with other shareholders of the Company and hence defaulting risks by the Guarantor cannot be eliminated completely.

(4) As the Group relies on the operating licenses held by Beijing Chuanglian Education, any deterioration of the relationship between Beijing Chuanglian Education and the Group could materially and adversely affect the business operation of the Group.

(5) The Contractual Arrangements may be challenged by the PRC tax authorities on the basis that the Contractual Arrangements were not entered into based on arm's length negotiations and as a result, the Group may face adverse tax consequences.

Further details on the risks associated with the Contractual Arrangements are set out under the paragraph headed "Risk Factors Relating to the Contractual Arrangements"of the circular dated 28 June 2013.

Actions taken to mitigate the risks

In light of the above risks associated with the Contractual Arrangements, the Group has adopted relevant procedures and internal control measures to ensure the effective operation of the Group and the implementation of the Contractual Arrangements, including (i) discuss and make all necessary modification to the Contractual Arrangements in order to maintain the economic interests; (ii) regular report by relevant divisions of the Group to the senior management of the Company in relation to the compliance of the Contractual Arrangements; (iii) regular report by the senior management of the Group to the Board any non-compliance issues; (iv) retain legal adviser and/or other professional to assist the Group to deal with specific issues arising from the Contractual Arrangements, if required; and (v) annual review by the independent non-executive Directors the compliance of the Contractual Arrangements.

Despite the above, as advised by the PRC legal adviser to the Company, the Contractual Arrangements are in compliance with and, to the extent governed by the PRC laws currently in force, are enforceable under the current PRC laws. The Company will monitor the relevant PRC laws and regulations relevant to the Contractual Arrangements and will take all necessary actions to protect the Company's interest in Beijing Chuanglian Education.

MATERIAL TRANSACTIONS

Continuing Connected Transactions in relation to New Contractual Arrangements

On 25 March 2011, Beijing Chuanglian Education and Beijing Chuanglian Guopei entered into the consultancy and services agreement pursuant to which, among other matters, Beijing Chuanglian Education engaged Beijing Chuanglian Guopei on an exclusive basis to provide consultation and related services to Beijing Chuanglian Education for a term of 20 years (the "Consultancy and Services Agreement"). In consideration of such services, 90% of the business revenue of Beijing Chuanglian Education shall be paid as consultancy and service fee to Beijing Chuanglian Guopei.

Including the Consultancy and Services Agreement, Beijing Chuanglian Education, Beijing Chuanglian Guopei and Mr. Lu entered into the business operation agreement (the "Business Operation Agreement"), share disposal agreement (the "Share Disposal Agreement") and equity pledge agreement (the "Equity Pledge Agreement") on 25 March 2011 (collectively the "Contractual Arrangements"), in order for the Group to carry out its online training and education services business in the PRC with the purpose of, among other matters, obtaining the economic benefits of the right and ability to control the business of Beijing Chuanglian Education.

In view of the requirements set out in the Guidance Letter HKEx-GL77-14 of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a supplemental agreement to each of the agreements forming part of the Contractual Arrangements was entered into between the respective parties thereto to supplement and amend the terms of the respective agreements on 16 December 2015 (the "Supplemental Agreements"), including, among other matters:

(a) the dispute resolution clause in each of the Consultancy and Services Agreement, the Business Operation Agreement, the Share Disposal Agreement and the Equity Pledge Agreement will be amended to provide (in addition to the respective agreement) that (i) the arbitration tribunal or the arbitrators may, in accordance with the terms of the agreement and the laws of the PRC, award any remedies, including interim and permanent injunctive relief (e.g. for the conduct of business or to compel the transfer of assets), specific performance of contractual obligations, remedies over the equity or assets of Beijing Chuanglian Education or winding up order of Beijing Chuanglian Education; and (ii) on the condition that the prevailing laws and regulations and arbitration rules in effect have been complied with, among others, the courts of Hong Kong, the Cayman Islands and the PRC shall have the power to grant interim remedies pending the formation of the arbitration tribunal or in appropriate cases;

(b) the Business Operation Agreement will be amended to provide (in addition to the Business Operation Agreement) that Beijing Chuanglian Education and Mr. Lu shall pass to the directors the business licence, common seal and other important documents and seals to the directors, legal representatives and senior management recommended or nominated by Beijing Chuanglian Guopei under the Business Operation Agreement; and

(c) each of the Share Disposal Agreement and the Equity Pledge Agreement will be amended to provide (in addition to the respective agreement) that Mr. Lu shall make all appropriate arrangements and execute all necessary documents to ensure that, in the event of the death, loss of capacity, bankruptcy, divorce (or other circumstances) of Mr. Lu, there would be no adverse effect or obstacles in enforcing the Share Disposal Agreement and the Equity Pledge Agreement (and the supplemental agreements thereto) by Mr. Lu's successors, guardian,creditors, spouse and any other third party.

Loan Agreement

The loan agreement was entered into between Beijing Chuanglian Guopei, as lender, and Beijing Chuanglian Education, as borrower, on 16 December 2015 pursuant to which Beijing Chuanglian Guopei shall grant loans to Beijing Chuanglian Education according to the needs of Beijing Chuanglian Education and the amount, time of grant and term of loan are to be agreed upon by the parties thereto subject to further negotiations (the "Loan Agreement").

The Loan Agreement was entered into for a term commencing from the date of the agreement and expiring on the same date as the expiry of the term of the Consultancy and Services Agreement.

Pursuant to the Loan Agreement, loans due from Beijing Chuanglian Education thereunder shall be repayable upon the following circumstances: (a) 30 days after the issue of a written demand for repayment from Beijing Chuanglian Guopei to Beijing Chuanglian Education; (b) where Beijing Chuanglian Education having received from any third party claims exceeding RMB11 million (being the amount of the registered capital of Beijing Chuanglian Education); or (c) where Beijing Chuanglian Guopei having exercised the exclusive option to acquire the entire equity interest in Beijing Chuanglian Education under the Share Disposal Agreement.

Reasons for and benefits of the Supplemental Agreements and Loan Agreement

A supplemental agreement to each of the agreements forming part of the Contractual Arrangements (the "Supplemental Agreements") was entered into with a view of observing the requirements set out in the Stock Exchange's Guidance Letter HKEx-GL77-14, which was published in May 2014 after the annual caps for the transactions contemplated under the Consultancy Services Agreement for the three years ended 31 December 2013, 2014 and 2015 which were approved by the independent shareholders of the Company (the "Shareholders") on 27 July 2013.

In relation to the Loan Agreement, taking into account that 90% of the business revenue of Beijing Chuanglian Education was agreed to be paid as consultancy and service fee to Beijing Chuanglian Guopei pursuant to the Consultancy and Services Agreement, the financial resources available to Beijing Chuanglian Education may not be able to meet the capital requirements for its daily operation, business development or investments in other entities. As such, the Loan Agreement would allow Beijing Chuanglian Education to obtain further capital from the Group for its daily operation, business development and/or investments in other entities when opportunities arise.

With Beijing Chuanglian Education being a subsidiary of the Company by virtue of the Contractual Arrangements, the transactions contemplated under the Loan Agreement would be equivalent to intra-Group transactions providing the necessary capital for the operation or development of a member of the Group. The additional capital available to Beijing Chuanglian Education under the Loan Agreement is expected to facilitate its business expansion and, possibly, revenue growth. Together with the Contractual Arrangements, the Supplemental Agreements and the Loan Agreement shall constitute the New Contractual Arrangements (the "New Contractual Arrangements").Taking into account the factors above, the Directors (excluding the independent non-executive Directors) considered that the Supplemental Agreements and the Loan Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. In view of Mr. Lu's equity interest in Beijing Chuanglian Education, Mr. Lu is deemed to have a material interest in the Supplemental Agreements and the Loan Agreement and had abstained from voting at the Board meeting approving the same. Apart from Mr. Lu, no other Directors are required to abstain from voting at the Board meeting approving the Supplemental Agreements and the Loan Agreement.

The Company applied to the Stock Exchange and the Stock Exchange granted the conditional waiver (including the annual caps requirements of service fee from Beijing Chuanglian Education) on 26 October 2015, subject to the conditions required by the Stock Exchange.

The New Contractual Arrangements were approved by the independent Shareholders in an extraordinary general meeting held on 16 December 2015. As Mr. Lu has a material interest in the New Contractual Arrangements, Mr. Lu and his associates were required and did abstain from voting at the extraordinary general meeting held on 16 December 2015.

Amendments in relations to New Contractual Arrangements (the "Second Supplemental Consultancy and Services Agreement")

The Second Supplemental Consultancy and Services Agreement was entered into between the respective parties on 10 November 2017 with amendment to the consultancy and service fees from 90% of the business revenue of Beijing Chuanglian Education to 100% of its net income (after deducting relevant costs, tax payment and reserved funds as required by PRC laws and regulations) ("net income").

Apart from amending the consultancy and service fees to 100% of net income of Beijing Chuanglian Education, no other changes are proposed to be made to the New Contractual Arrangements.

Reasons for and benefits of the Second Supplemental Consultancy and Services Agreement

The proposed change in consultancy and service fee from 90% of business revenue to 100% of net income of Beijing Chuanglian Education will more accurately reflect economic reality since it will move away from determining economic benefit based on previous estimation or current forecast of business operations which no longer reflects economic realities of the Group's business since the Group is operating in the fast moving online training and education industry. Furthermore, such proposed change will not unduly restrict the business operation and development of the Group since Beijing Chuanglian Education does not need to restrict its expenses to 10% of its business revenue and Beijing Chuanglian Education may incur more expenses for the continuing development of the Group's online training and education business operations.

Taking into account of the factors above, the Directors (excluding the independent non-executive Directors) consider that the Second Supplemental Consultancy and Services Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. In view of Mr. Lu's equity interest in Beijing Chuanglian Education, Mr. Lu is deemed to have a material interest in the Second Supplemental Consultancy and Services Agreement and had abstained from voting at the Board meeting approving the same. Apart from Mr. Lu, no other Directors are required to abstain from voting at the Board meeting approving the Second Supplemental Consultancy and Services Agreement.

Beijing Chuanglian Education is treated as the Company's wholly-owned subsidiary, at the same time, treated as Company's connected person as it is wholly-owned by Mr. Lu, an executive Director, the chairman of the Board and a substantial shareholder of the Company, for the purposes of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). As the applicable percentage ratios are more than 5% and the aggregate amount of the fees payable under the Consultancy and Services Agreement (as supplemented by the Supplemental Agreements and the Second Supplemental Consultancy and Services Agreement) and the loans to be granted under the Loan Agreement is expected to be more than HK$10,000,000 in aggregate, the transactions contemplated under the Contractual Arrangements (as supplemented by the Supplemental Agreements) and the Loan Agreement (the "New Contractual Arrangements (as supplemented by the Second Supplemental Consultancy and Services Agreement)") technically constitute continuing connected transactions for the Company for the purposes of Chapter 14A of the Listing Rules. The Directors considered that it would be unduly burdensome and impracticable, and would add unnecessary administration costs to the Company, for the transactions contemplated under the New Contractual Arrangements (as supplemented by the Second Supplemental Consultancy and Services Agreement), being the fees payable thereunder, to be subject to the annual cap requirement under Rule 14A.53 of the Listing Rules.

The Company applied to the Stock Exchange and the Stock Exchange granted the new conditional waiver (including the annual caps requirements of service fee from Beijing Chuanglian Education) on 31 August 2017 (the "New Waiver"), subject to the conditions required by the Stock Exchange.

Pursuant to the New Waiver granted to the Company, the New Contractual Arrangements (as supplemented by the Second Supplemental Consultancy and Services Agreement) shall continue to enable the Group to receive the economic benefits derived by the consolidated affiliated entities through the business structure under which the net income (after deducting relevant costs, tax payment and reserved funds as required by the PRC laws and regulations) generated by the consolidated affiliated entities is substantially retained by the Group (such that no annual caps shall be set on the amount of service fees payable to Beijing Chuanglian Guopei under the Consultancy and Services Agreement as supplemented). Subject to the conditions of the New Waiver and the approval from the independent Shareholders, the fees payable under the Services Framework Agreement will not be subject to the annual caps requirements under Chapter 14A of the Listing Rules.

Details of the New Waiver has been set out under the section headed "New Waiver from Strict compliance with the Listing Rules" in the circular of the Company dated 19 October 2017.

The New Contractual Arrangements (as supplemented by the Second Supplemental Consultancy and Services Agreement) were approved by the independent Shareholders in an extraordinary general meeting held on 10 November 2017. As Mr. Lu has a material interest in the New Contractual Arrangements (as supplemented by the Second Supplemental Consultancy and Services Agreement), Mr. Lu and his associates were required and did abstain from voting at the extraordinary general meeting held on 10 November 2017.

The actual amounts of the transactions contemplated under the New Contractual Arrangements (as supplemented by the Second Supplemental Consultancy and Services Agreement) for the year ended 31 December 2020 are set out below:

Nature of continuing connected transactions	**Actual amount** RMB'000
1. Service fee payable to Beijing Chuanglian Guopei by Beijing Chuanglian Education pursuant to the Consultancy and Services Agreement	–
2. Loan to Beijing Chuanglian Education by Beijing Chuanglian Guopei pursuant to the Long Term Loan Agreement	10,480

Notes:

1. Mr. Lu, a substantial shareholder of the Company, is holding 100% interest in Beijing Chuanglian Education.

2. Beijing Chuanglian Guopei and Beijing Chuanglian Education are the subsidiaries of Group which the balances and transactions mentioned above are eliminated in the consolidated financial statements in accordance with Hong Kong Financial Reporting Standard 10.

3. On 30 August 2017, the Group has obtained an approval to waive the annual caps requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the fees payable under the Consultancy and Services Agreement and the Services Framework Agreement. On 19 October 2017, the Group also has issued a circular for reporting such approval.

The independent non-executive Directors reviewed the New Contractual Arrangements (as supplemented by the Second Supplemental Consultancy and Services Agreement) and confirmed that: (i) the transactions carried out during the year have been entered into in accordance with the relevant provisions of the New Contractual Arrangements (as supplemented by the Second Supplemental Consultancy and Services Agreement), have been operated so that the revenue generated by Beijing Chuanglian Education has been substantially retained by Beijing Chuanglian Guopei; (ii) no dividends or other distributions have been made by the consolidated affiliated entities (including Zhongren Guanghua (as defined below)) to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group and (iii) any new contracts entered into, renewed or reproduced between the Group and the consolidated affiliated entities during the financial period which the framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing New Contractual Arrangements, are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Shareholders as a whole.

Other Continuing Connected Transactions

For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the consolidated affiliated entities will be treated as the Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the consolidated affiliated entities and its associates will be treated as connected persons of the Company (excluding for this purpose, the consolidated affiliated entities), and transactions between these connected persons and the Group (including for this purpose, the consolidated affiliated entities), other than those under the New Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

Reference is made to paragraph (e)(iv) under the New Waiver, taking into account that the consolidated affiliated entities of the Company, will be treated as subsidiaries of the Company by virtue of the New Contractual Arrangements (as supplemented) and therefore not treated as connected persons of the Company, thus the transactions between the consolidated affiliated entities and the Group will not be treated as connected transactions. Furthermore, the results of consolidated affiliated entities of the Company will be consolidated to the accounts of the Group, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole for the fees payable under the Consultancy and Services Agreement (as supplemented) not to be subject to the annual caps requirements under Rule 14A.53 of the Listing Rules.

Details of the New Waiver has been set out under the section headed "New Waiver from Strict compliance with the Listing Rules" in the circular of the Company dated 19 October 2017.

Pursuant to the New Waiver granted to the Company, the New Contractual Arrangements (as supplemented by the Second Supplemental Consultancy and Services Agreement) shall continue to enable the Group to receive the economic benefits derived by the consolidated affiliated entities through the business structure under which the net income (after deducting relevant costs, tax payment and reserved funds as required by the PRC laws and regulations) generated by the consolidated affiliated entities is substantially retained by the Group (such that no annual caps shall be set on the amount of service fees payable to Beijing Chuanglian Guopei under the Consultancy and Services Agreement as supplemented). Subject to the conditions of the New Waiver and the approval from the independent Shareholders, the fees payable under the Services Framework Agreement will not be subject to the annual caps requirements under Chapter 14A of the Listing Rules.

Details of the New Waiver has been set out under the section headed "New Waiver from Strict compliance with the Listing Rules" in the circular of the Company dated 19 October 2017.

The actual amounts of the transactions between the consolidated affiliated entities and the Group for the year ended 31 December 2020 are set out below:

	Nature of continuing connected transactions	**Actual amount** RMB'000
1.	Service fee payable to Beijing Chuanglian Guopei by Beijing Chuanglian Education pursuant to the Services Framework Agreement	–
2.	Service fee payable to Beijing Chuanglian Guopei by 四川創聯國培教育咨詢有限公司 (Sichuan Chuanglian Guopei Education Advisory Limited*) ("Sichuan Chuanglian Guopei") pursuant to the Services Framework Agreement	11,481
3.	Service fee payable to Beijing Chuanglian Guopei by 四川創聯繼續教育諮詢有限公司(Sichuan Jixu Education Advisory Limited*) ("Sichuan Chuanglian Jixu") pursuant to the Services Framework Agreement	900
4.	Service fee payable to Beijing Chuanglian Guopei 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") pursuant to the Services Framework Agreement	27,070
5.	Service fee payable to Beijing Chuanglian Guopei by 海南中人光華教育服務有限公司 (Hainan Zhongren Guanghua Education Services Limited*) ("Hainan Zhongren Guanghua") pursuant to the Services Framework Agreement	553
6.	Service fee payable to Beijing Chuanglian Guopei by 內蒙古聯培教育科技有限公司 (Inner Mongolia Lianpei Education Technology Limited*) ("Inner Mongolia Lianpei") pursuant to the Services Framework Agreement	16,245
		56,249

* English name is for identification purposes only

Notes:

1. Mr. Lu, a substantial shareholder of the Company, is holding 100% interest in Beijing Chuanglian Education. Beijing Chuanglian Education is holding 100% interest in Sichuan Chuanglian Guopei, 51% interest in Beijing Zhongren Guanghua, 99.99% interest in Hainan Zhongren Guanghua and 100% interest in Inner Mongolia Lianpei. All the above companies are the subsidiaries of the Company as the Company is able to exercise control over these companies through the contractual arrangement.

2. Beijing Chuanglian Guopei, Sichuan Chuanglian Guopei, Zhongren Guanghua, Hainan Zhongren Guanghua and Inner Mongolia Lianpei are the subsidiaries of the Group which the balances and transactions mentioned above are eliminated in the consolidated financial statements in accordance with Hong Kong Financial Reporting Standard 10.

3. On 30 August 2017, the Group has obtained an approval to waive the annual caps requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the fees payable under the Consultancy and Services Agreement and the Services Framework Agreement. On 19 October 2017, the Group also has issued a circular for reporting such approval.

The independent non-executive Directors have reviewed all the above continuing connected transactions and confirmed that these transactions have been entered into in the ordinary and usual course of business of the Group on normal commercial terms and in accordance with the relevant agreement governing them which are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company was engaged to report on all the above Group's continuing connected transactions and issued the unqualified letter containing the findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

USE OF PROCEEDS

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

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

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

	Intended use of net proceeds from Placing (Approximate)	Utilised net proceeds from Placing as at 31 December 2020 (Approximate)	Unutilised net proceeds from Placing as at 31 December 2020 (Approximate)
The Company intends to apply the net proceeds as the general working capital and for business development and investment of the Group.	HK$39.4 million	(i) HK$14 million for settlement of amount due to a director and shareholder; (ii) HK$4 million for working capital of money lenders business (iii) HK$11.5 million for staff costs; (iv) HK$5 million for professional fees; (v) HK$1.2 million for capital expenditure; and (vi) HK$3.7 million for rental and other operating costs;	–

FOREIGN EXCHANGE EXPOSURE

Substantially all of the business transactions of the Group are denominated in Renminbi and Hong Kong dollars. The Group adopts a conservative financial policy. As at 31 December 2020, the Group did not have any bank liabilities, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

CONTINGENT LIABILITIES

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

CHARGES ON GROUP ASSETS

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

CAPITAL COMMITMENT

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

EVENT AFTER THE REPORTING PERIOD

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

EMPLOYEE INFORMATION AND REMUNERATION POLICY

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

The Group offers competitive remuneration package, including medical and retirement benefits, to eligible employees. In order to attract, retain and motivate eligible employees, including the Directors, the Company has adopted share option schemes (the "Share Option Schemes"). As at 31 December 2020, there were 51,000,000 share options remained outstanding which can be exercised by the grantees of the Share Option Schemes.

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

EXECUTIVE DIRECTORS

Mr. LU Xing ("Mr. Lu"), aged 53, was appointed as an executive Director and chairman of the Board on 11 December 2014. Mr. Lu holds a bachelor degree. He worked for the system of Construction Bank of China for several years. He accumulated extensive experience in many respects such as project financing, risk assessment and control and financial management. Mr. Lu held various positions, including chief operating officer and chief financial officer, during his tenure as executive director of a number of listed companies in Hong Kong. He has gained ample expertise and resources in strategic planning, overall operation and financial management relating to internet and media enterprises, and has unique in-depth insights, all-rounded strategic vision and sophisticated operation capability for "Internet + Education". Since the establishment of Chuanglian Education Group, 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 53, was appointed as an executive Director and chief strategy officer of the Company on 1 August 2013. Mr. Li has 13 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 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. XU Dayong ("Mr. Xu"), aged 41, was appointed as an executive Director and chief technology officer of the Company on 8 January 2019. Mr. Xu graduated from Northeast Normal University with a bachelor's degree in computer science and technology. Mr. Xu was a software development engineer of the Tokyo Management System Institution from July 2002 to July 2003. From July 2004 to August 2011, he served as a development manager and project supervisor of Beijing Tianyuan Network Technology Company Limited (北京市天元網路技術股份有限公司). From November 2011 to May 2015, he worked as a system architect and development manager in the Telecom Division of Yonyou Group (用友集團電信事業部) (now known as Yongyou Guangxin Network Technology Company Limited (用友廣信網路科技有限公司). Since June 2015, he has been the technical manager and was further promoted as the technical director of the Company.

Mr. HU Dingdong ("Mr. Hu"), aged 55, was appointed as an executive Director and chief executive of the Company on 4 November 2019. Mr. Hu obtained a master's degree in finance from Southwestern University of Finance and Economics in China. He has over 21 years of experience in securities investment, risk investment and investment banking, and was involved in the capital restructuring, reorganization, initial public offering and rights issue of a number of companies. He once held various positions in a number of companies, including the general manager of Tianjin Securities Trading Department under Deyang Trust & Investment Corporation* (德陽信託投資公司天津證券交易營業部), the deputy general manager of Shenzhen Management Headquarters of Anshan Securities Co., Ltd.* (鞍山證券公司深圳管理總部), the general manager of the Business Department of Beijing Securities Co., Ltd.* (北京證券有限公司營業部), and the general manager of Beijing Business Department of China Merchants Securities Co., Ltd.* (招商證券股份有限公司北京營業部). In addition, he was once the director and vice-president of Chongqing Blue Ocean Financing Guarantee Co., Ltd.* (重慶藍洋融資擔保股份有限公司), the legal person and president of Chongqing Lanyang Small Loan Co., Ltd.* (重慶藍洋小額貸款股份有限公司), and an independent director of Beijing Shenhua New Capital Co., Ltd.* (北京深華新股份有限公司), a company listed on the Shenzhen Stock Exchange. Besides, he was once a member of the Fourth Chinese People's Political Consultative Conference (the "CPPCC") Committee of Chongqing and a member of the Fourteenth CPPCC Committee of Yubei District, Chongqing. Currently, he is an executive director of Fortune Union Financial Holdings (Asia Pacific) Ltd.* and the chairman of board of directors of Heying Small Loan (Chongqing) Co. Ltd.* (合盈小額貸款(重慶)有限公司). Having accumulated extensive experience in investment, law and risk management, he is familiar with the relevant laws and policies both domestically and abroad and can accurately and timely grasp the direction of market development.

INDEPENDENT NON EXECUTIVE DIRECTORS

Mr. LEUNG Siu Kee ("Mr. Leung"), aged 44, was appointed as an independent non-executive Director on 22 December 2009. Mr. Leung is also the chairman of the audit committee of the Company and a member of each 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 6 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. Since August 2019, Mr. Leung is an independent non-executive director of Kingkey Financial International (Holdings) Limited (a company listed on the main board of Stock Exchange, stock code: 01468). From January 2018 to October 2019, Mr. Leung was an executive director and company secretary of Coolpad Group Limited (a company listed on the main board of Stock Exchange, stock code: 02369). Mr. Leung was also an independent non-executive director (later appointed as non-executive director) of KK Culture Holdings Limited (formerly known as Cinderella Media Group Limited) (a company listed on the main board of Stock Exchange, stock code: 00550) from September 2015 to January 2018.

Mr. WU Yalin ("Mr. Wu"), aged 59, was appointed as an independent non-executive Director on 30 December 2016. Mr. Wu is also the chairman of the nomination committee of the Company and a member of each of the audit committee and remuneration committee of the Company. Mr. Wu graduated from Wilfrid Laurier University in Canada with a master degree in Economic Geography in 1988. Mr. Wu has over 21 years of experience in financial consulting and financial investment services. He has successively held a range of key positions including chief executive officer, director and senior management in Deloitte and Cap Gemini Ernst & Young (凱捷安永會計師行), governmental environment protection center of Midland County, Canada (加拿大湄德蘭縣政府環保中心) and various financial consulting firms. Mr. Wu is familiar with the latest market information in domestic, international, and also emerging markets. He managed and participated in operation and consultation of several significant projects, and has accumulated rich experience in financial management. Mr. Wu is currently the independent director of Synutra International, Inc. and the chief executive officer of Northern Investment & Financial Consultants Ltd. Co. (北方投資諮詢公司).

Ms. WANG Shuping ("Ms. Wang"), aged 62, was appointed as an independent non-executive Director on 11 January 2013. Ms. Wang is also the chairman of the remuneration committee of the Company and a member of each 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.

SENIOR MANAGEMENT

Mr. OR Wing Keung ("Mr. Or"), aged 50, is the chief financial officer and company secretary of the Company. Mr. Or obtained his Bachelor Degree in Business Administration, majoring in Accounting and Finance, from The University of Hong Kong. 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 Company, Mr. Or was the financial controller and company secretary of Sheng Yuan Holdings Limited from June 2009 to August 2019, a company listed on The Stock Exchange of Hong Kong Limited. Mr. Or has over 27 years of experience in financial management, accounting, taxation, auditing and corporate finance.

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 to the Listing Rules and the deviations, if any.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2020 (the "Year"), the Company has applied and complied with the code provisions of the CG Code. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND OTHER RELEVANT EMPLOYEES

The Company has adopted a code of conduct regarding securities transactions by Directors and other relevant employees on terms no less exacting than the required standard in the Model Code as set out in Appendix 10 to the Listing Rules (the "Model Code"). 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' and other securities transactions.

THE BOARD OF DIRECTORS

During the Year and up to the date of this report, the Board comprised the following Directors:

Executive Directors

Mr. Lu Xing *(Chairman)*
Mr. Li Jia
Mr. Xu Dayong
Mr. Hu Dingdong *(Chief Executive)*

Independent Non-executive Directors

Mr. Leung Siu Kee
Mr. Wu Yalin
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 the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all the independent non-executive Directors are 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 2020, 4 Board meetings were held. The details of the attendance record of the Directors are as follows:

	Attendance
Executive Directors	
Mr. Lu Xing	4/4
Mr. Li Jia	4/4
Mr. Xu Dayong	4/4
Mr. Hu Dingdong	4/4
Independent Non-executive Directors	
Mr. Leung Siu Kee	4/4
Mr. Wu Yalin	4/4
Ms. Wang Shuping	4/4

For the year ended 31 December 2020, 1 general meeting was held. The details of the attendance record of the Directors are as follows:

	Attendance
Executive Directors	
Mr. Lu Xing	0/1
Mr. Li Jia	0/1
Mr. Xu Dayong	0/1
Mr. Hu Dingdong	1/1
Independent Non-executive Directors	
Mr. Leung Siu Kee	0/1
Mr. Wu Yalin	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 2020, the Directors participated in the following continuous professional development:

Name of Directors	Training organized by professional organization[1]	Reading materials updating on new rules and regulations
Executive Directors		
Mr. Lu Xing	✓	✓
Mr. Li Jia	✓	✓
Mr. Xu Dayong	✓	✓
Mr. Hu Dingdong	✓	✓
Independent Non-executive Directors		
Mr. Leung Siu Kee	✓	✓
Mr. Wu Yalin	✓	✓
Ms. Wang Shuping	✓	✓

Notes:

1. Professional training namely Guidelines on Rules and regulations governing Hong Kong listed companies was arranged by the Company to update the Directors' knowledge.

2. The Company received from each of the Directors the confirmations on taking continuous professional training.

CHAIRMAN AND CHIEF EXECUTIVE

During the Year, the roles of the chairman of the Board and the chief executive, held by separate individuals, Mr. Lu Xing and Mr. Hu Dingdong respectively, are clearly segregated with an aim to providing a balance of power and authority. The chairman of the Board is principally responsible for the strategic planning of the Group and the management of the operations of the Board. The Chief Executive is mainly responsible for the operations and business development of the Group.

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.

The service agreement of Mr. Wu Yalin has been renewed for a three-year term of service commencing from 30 December 2019 to 29 December 2022, 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 2018 to 21 December 2021, which can be terminated by either party giving not less than three months' notice in writing.

The service agreement of Ms. Wang Shuping has been renewed for a three-year term of service commencing from 11 January 2019 to 10 January 2022, 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 (the "AGM") in accordance with the articles of association of the Company (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 2020 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 2020 falls within the following bands:

	Number of senior management
HK$Nil to HK$1,000,000 (equivalent to approximately RMBNil to RMB888,740)	1

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, risk management and internal control systems.

During the Year, the Audit Committee comprised three independent non-executive Directors including Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping. Mr. Leung Siu Kee is the current chairman of the Audit Committee.

The Audit Committee formally met 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 3 meetings to consider the external auditor's proposed audit fees, their independence and scope of the audit; review the risk management and internal control 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 2020 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)*	3/3
Mr. Wu Yalin	3/3
Ms. Wang Shuping	3/3

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 executive and non-executive Directors as well as 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, the Remuneration Committee comprised three independent non-executive Directors including Ms. Wang Shuping, Mr. Leung Siu Kee and Mr. Wu Yalin. 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. Wu Yalin	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, the Nomination Committee comprised three independent non-executive Directors including Mr. Wu Yalin, Mr. Leung Siu Kee and Ms. Wang Shuping. Mr. Wu Yalin 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. Wu Yalin *(Chairman)*	1/1
Mr. Leung Siu Kee	1/1
Ms. Wang Shuping	1/1

NOMINATION POLICY

The Board has adopted the nomination policy (the "Nomination Policy") on 23 August 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

(1) identifying potential candidates, including recommendations from the Board members, professional search firms and the shareholders of the Company;

(2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;

(3) reviewing the profiles of the shortlisted candidates and interview them; and

(4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

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.

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 2020, the Board had reviewed and performed duties of the above-mentioned corporate governance matters of the Company. 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 and non-audit services paid/payable to the Company's external auditor, SHINEWING (HK) CPA Limited or its affiliated firms, are as follows:

Type of Services	HK$'000
Audit services	1,350
Non-audit services (Note)	358
Total	1,708

Note: Other non-audit services include perform (i) agreed-upon procedures regarding financial information of the Group for the six months ended 30 June 2020 and (ii) tax advisory service.

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 annual 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.

COMPANY SECRETARY

Mr. Or Wing Keung ("Mr. Or") was appointed as the company secretary of the Company. According to Rule 3.29 of the Listing Rules, Mr. Or took no less than 15 hours of relevant professional training for the year ended 31 December 2020.

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.

DIVIDEND POLICY

The Board has adopted the dividend policy (the "Dividend Policy") on 23 August 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the shareholders of the Company. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis.

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 2020, there was no change to the existing Articles of Association.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Year, the Group has complied with Principle C.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- *Identification:* Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- *Evaluation:* Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- *Management:* Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2020, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

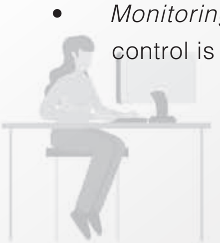
- *Control Environment:* A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.

- *Risk Assessment:* A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.

- *Control Activities:* Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.

- *Information and Communication:* Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- *Monitoring:* Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.



In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Group enters into significant negotiations.

- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted in 2020, no significant control deficiency was identified.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for establishing, maintaining and reviewing an effective system of internal control and safeguarding the assets and the interests of the Group and the shareholders of the Company as well.

The Group has established policies and procedures for approval and control of expenditures. Pursuant to a risk-based methodology, the Board plans its internal control review with resources being focused on higher risk areas. Internal control review has been conducted on ongoing basis to ensure that the policies and procedures in place are adequate. Any findings and recommendations would be discussed by the management and followed up properly and timely.

The Directors had engaged an independent service provider to perform an independent review on the internal control systems of the Group. The review report showed that the Group maintained an adequate and effective internal control system and no major control deficiency had been identified. The scope and findings of the review had been reported to and reviewed by the Audit Committee.

Internal Audit Function

The Company does not have an internal audit department. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit department.

ABOUT THIS REPORT

China Chuanglian Education Financial Group Limited (the "Company"), together with its subsidiaries (the "Group"), is pleased to present our Environmental, Social and Governance Report (the "Report") to provide an overview of the Group's management on significant issues affecting the operation, and the performance of the Group in terms of environmental and social aspects. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

Preparation Basis and Scope

This Report is prepared in accordance with Appendix 27 to the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") – "Environmental, Social and Governance Reporting Guide" and has complied with "comply or explain" provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group – (i) provision of educational consultancy and online training and education services in the People's Republic of China ("PRC"), (ii) securities trading business in Hong Kong ("HK"), and (iii) provision of insurance brokerage services and investment advising services in Hong Kong and the PRC. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data as well as implement and monitor measures. This Report shall be published both in Chinese and English on the website of Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

Reporting Period

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2020 to 31 December 2020.

Contact Information

The Group welcomes your feedback on this Report for our sustainability initiatives. You are welcome to contact us through the following method:

Tel: (852) 3582-5200
Fax: (852) 3582-4296

INTRODUCTION

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 82 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 150 online training and education platforms and a mobile terminal learning platform, Rongxue App[1]. Currently, we have over 6 million of paid users. During the reporting period, the Group continued to expand our online training and education business to more geographical areas 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.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

[1] Rongxue App

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Expectations	Engagement channels	Measures
Government	– Comply with applicable laws and regulations – Proper tax payment – Promote regional economic development and employment	– On-site inspections and checks – Research and discussion through work conferences, work reports preparation and submission for approval – Website – Annual and interim reports	– Operated, managed and paid taxes according to laws and regulations, strengthened safety management; accepted the government's supervision, inspection and evaluation for example, accepted certain 1-2 on-site inspections throughout the year, and actively undertook social responsibilities
Shareholders and Investors	– Low risk – Return on the investment – Information disclosure and transparency – Protection of interests and fair treatment of shareholders	– Annual general meeting and other shareholder meetings – Annual and interim reports, announcements	– Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing announcements/ circulars/annual and interim reports – Carried out different forms of investor activities with an aim to improve investors' recognition. Held results briefing upon necessary. Disclosed company contact details on website and in published reports and ensured all communication channels are available and effective

Stakeholders	Expectations	Engagement channels	Measures
Employees	– Safeguard the rights and interests of employees – Working environment – Career development opportunities – Self-actualization – Health and safety	– Trainings, seminars, briefing sessions – Cultural and sport activities – Newsletters – Intranet and emails	– Provided a healthy and safe working environment; developed a fair mechanism for promotion; established labor unions at all levels to provide communication platforms for employees; cared for employees by helping those in need and organized employee activities
Students and Parents	– Safe and high-quality educational service – Student information protection – Integrity – Business ethics	– Website, brochures – Email and customer service hotline – Regular meeting – Satisfactory survey	– Established parent committee to maintain good communication; held regular online training and examination to find their difficulties in learning.
Suppliers/Partners	– Long-term partnership – Honest cooperation – Fair, open information resources sharing – Risk reduction	– Business meetings, supplier conferences, phone calls, interviews – Regular meeting – Review and assessment – Tendering process	– Invited tenders publicly to select best suppliers and contractors, performed contracts according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors
Public and Communities	– Social responsibility – Open information	– Community engagement – Information disclosure	– Engaged in charity and volunteering – Disclosed information timely

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group have adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules) and the GRI Guidelines.

The Group have evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.

- The materiality of each ESG areas was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 27 of the Listing Rules).

Step 2: Prioritization – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects to be covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2020, those important issues to the Group were discussed in this Report.

A. ENVIRONMENTAL ASPECTS

The Group is mainly involved in office operations and its business activities do not have significant impact on the environment and natural resources. In spite of this, as an education provider, the Group recognizes that it has an obligation to reduce the impact of our operations on the environment and be accountable for the resources and materials that are used in our daily operations.

Throughout the year, the Group fully complied with all of the relevant environmental laws and regulations in the countries and regions, such as the Environmental Protection Law of the People's Republic of China in the PRC and the Air Pollution Control Ordinance (Cap. 311) in Hong Kong. Besides, no concluded cases regarding environmental issues were brought against the Group. As our Group continues to develop, we are committed to continuously improving the environmental sustainability of our business operations, ensuring that environmental considerations are top priorities in our daily business operations.

The Group promotes environmental stewardship throughout our business ecosystem by introducing a number of measures to enhance the environmental protection awareness among its employees, encouraging them to develop environment-friendly working habits and to take action in protecting the precious environment.

A1. EMISSIONS

As one of the world's leading online education services provider, the Group recognizes that it has ethical duties to reduce emissions. Given that most of our operations is offices based, the Group bears low impact on air pollutant emission and greenhouse gas emission. In the meantime, the Group fully complies with all of the relevant environmental laws and regulations in the countries and regions where we operate such as the Atmospheric Pollution Prevention and Control Law of the People's Republic of China (2015) in the PRC, the Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611) and the Road Traffic Ordinance (Cap. 374) in Hong Kong. Besides, no concluded cases regarding emissions brought against the issuer or its employees during the year.

Air Pollutant Emission

Air pollutant emission control is essential to mitigate the impact on the environment and to protect the health of employees. No substantial emissions are generated from any type of fuels in daily operation as the Group is not engaged in any industrial production. The Group's air pollutants are mainly generated from the canteen operation and mobile sources. The Group has taken the initiatives to formulate plans in traffic management for the reduction of air pollutants in the daily business operation, for examples:

- Encouraging employees and clients to take video conference instead of unnecessary transportation.
- Ensuring no idling vehicles with running engines.
- Maintaining vehicle regularly including replacement of any wear components and generator cleaning.
- Giving top priority to the use of electric vehicles instead of fossil fuel vehicles.

Taking into consideration of materiality ESG reporting principle and further improvement in air pollutant reduction policy, the Group takes its own initiative to extend ESG reporting scope in 2020 to include nearly all subsidiaries data which are considered as material to be disclosed. In 2020, the decreases in nitrogen oxides (NOx) and particulate matter (PM) emissions were mainly due to the effective implementation of towngas saving strategies during the year. The increase in sulfur dioxide (SO_2) emission in 2020 was mainly attributable to the increased petrol consumption for more frequent vehicle use for business meeting in this year. The air pollutant emission during the reporting period is as follows:

Air Pollutant Emission	Unit	HK	PRC	2020 Total	2019 Total
Nitrogen oxides (NO_x)	kg	2.26	72.28	74.54	81.68
Sulfur dioxide (SO_2)	kg	0.06	4.15	4.21	1.19
Particulate matter (PM)	kg	0.17	2.22	2.39	2.59

Greenhouse Gas ("GHG") Emission

Climate change is gradually concerned by the community as it affects our daily life. GHG is considered as one the major contributors to the climate change and global warming. The Group tackles the GHG emission by lowering the energy consumption. Policies and procedures (as mentioned in the section "Use of Resources") to encourage energy saving have been incorporated throughout the operations in order to reduce the carbon footprint. Our Group is taking action to minimize the GHG emissions in our business operations. We have adopted energy saving initiatives that are mentioned in the section "Use of Resources". During the reporting period, no GHG emissions were generated or emitted through stationary sources as the Group was not engaged in any industrial production. The Group's scope 1 direct emissions, scope 2 indirect emissions, and scope 3 other indirect emissions mainly came from mobile combustion, purchased electricity, and business air travel by employees respectively. The increase in total GHG scope 1 emission in 2020 was mainly due to the more frequent vehicle use for business meeting during the year. Owing to the growth in the revenue generated from the provision of educational services in 2020, the total GHG scope 2 emission in 2020 increased slightly. The number of business trips decreased as more flights were cancelled under the COVID-19 pandemic, this led to the decrease in total GHG scope 3 emission in 2020.

The GHG emission of the Group during the reporting period is as follows:

GHG Emission[2]	Unit	HK	PRC	2020 Total	2019 Total
Scope 1[3]	tonnes of CO_2-e	11.33	103.88	115.21	56.41
Scope 2[4]	tonnes of CO_2-e	15.95	569.47	585.42	520.48[5]
Scope 3[6]	tonnes of CO_2-e	0.46	32.41	32.87	40.66
Total GHG emission	tonnes of CO_2-e	27.74	705.76	733.50	617.55[5]
GHG emission intensity	tonnes of CO_2-e/m^2	0.08	0.02		HK: 0.07 PRC: 0.12[5]

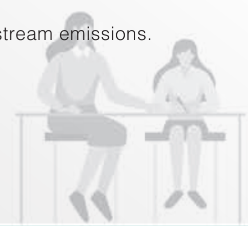
2 The calculation of the greenhouse gas emission is based on the "Corporate Accounting and Reporting Standard" from greenhouse gas protocol.

3 Scope 1: Direct emission from sources that are owned or controlled by the Group.

4 Scope 2: Indirect emissions from purchased electricity consumed by the Group.

5 The data of 2019 has been restated for comparative purpose for adoption of the latest emission model for Mainland China electricity consumption.

6 Scope 3: All other indirect emissions that occur outside the company, including both upstream and downstream emissions.



Hazardous and Non-hazardous Wastes

The Group recognizes the importance of waste reduction. Waste management measures have been introduced and implemented to minimize the amount of waste generated and the impact on the environment. Under its business operation in respect of its nature, no hazardous waste was generated during the reporting period.

For non-hazardous waste, the waste is mainly generated from daily office operation. The Group takes initiative to reduce waste by implementing different measures. Generally, the Group has engaged qualified recycling companies to collect and handle the waste in accordance to the Prevention and Control of Environmental Pollution by Solid Waste (2015 Amendment) in the PRC and the Waste Disposal Ordinance (Cap. 354) in Hong Kong. For office, the Group promotes the idea of "green office" by introducing more paperless solutions in its daily operations to reduce the volume of paper and printed materials used. The Group is targeted to reduce the generation of waste paper of 30% by 2025.

The Group introduces knowledge on environmental protection to all employees and encourages them to consider environmental-friendly printing such as double-sided printing and copying. The Group also encourages employees to reuse single sided non-confidential print out.

On top of that, the Group actively promotes the use of email to replace traditional mails. Email is used among staff whenever possible. Office Automation system is used for administration of notice and leave application instead of paper record. All these measures are geared at reducing waste such as paper waste which can help mitigate the global greenhouse effect as well. Recycling bags are available for paper collection. All paper boxes, paper, newspaper and magazines are collected for recycling purpose.

The Group takes effort to reduce wastes in our daily business operation and handles wastes in an environmental-friendly way. Under our business operation in respect of its nature, the Group generates very small amount of waste during the reporting period. As the Group outsources its office cleaning work to independent contractors for handling and collecting the non-hazardous waste in the office, the complete waste volume record is not provided by the cleaning contractor. Although our non-hazardous waste amount is insignificant, the Group will coordinate with the cleaning contractor to collect the complete waste volume data in the coming year in order to formulate appropriate measures and target to reduce the non-hazardous waste production.

A2. USE OF RESOURCES

The Group considers environmental protection as an essential component of a sustainable and responsible business. The Group has an in-depth understanding of the importance of safeguarding sustainable development of the environment and thus to attach importance to efficient utilization of resources by introducing various measures in daily business operations. It understands that staff participation is the key to achieve such goals. The Group strives to build up a working environment that emphasizes the "Green office" and "Low Carbon" policy such as a set of guidelines to improve the efficient use of energy, water and other resources. As we are engaged in provision of education services but not industrial manufacturing, no packaging materials and related resources were consumed during the reporting period.

Energy

The Group considers environmental protection as an essential component of a sustainable and responsible business. With aims of resource saving and implementation of energy saving measures, the Group actively promotes the concept of energy saving and emission reduction into the entire process of its business development and operation. In the meantime, the Group puts effort to promote energy saving awareness among its staff by posting related reminders or messages through emails, recommending them to switch off all the lights, computers and printers by the end of the work day. The Group encourages all of its employees to set their computers to sleep-mode automatically when left idle for a certain period of time. Printers and copiers are also set to sleep-mode automatically for the computers. Receptionists are responsible for turning off lights and all the electronic appliances after meetings. Notices are posted in the office to remind staff to turn off light before leaving office. Air-conditioners are set within a reasonable range of around 25 degrees Celsius. During lunch time, air-conditioners in the office area are switched off. Under these measures, less electricity will be consumed.

In order to keep pace with the market trends, the Group regularly upgrades its existing facilities such as replacing outdated computers, phones and other electrical appliances to meet the needs of our customers and enhance operational efficiency. The Group regularly upgrades its existing facilities such as replacing outdated computers, phones and other electrical appliances to meet the needs of our customers and employees and enhance operational efficiency. The Group adheres to environmental protection and waste reduction principles for its upgrading processes, and reuses existing facilities and materials wherever possible, so as to reduce waste. Meanwhile, it also actively uses eco-friendly equipment for any replacement.

The Group's energy consumption is classified into three fuel types – town gas, electricity and petrol. During the reporting period, purchased electricity was our major energy consumption source for daily office operation. Regarding electricity consumption for the PRC and Hong Kong offices, most of the electricity supplies are solely controlled and centrally managed by their respective property management companies. Hence, it is not feasible for the Group to provide all relevant electricity consumption data as there is no separate submeter for each individual office unit to record electricity usage. In order to improve efficiency of energy consumption, the Group strictly complies with the Energy Conservation Law of the People's Republic of China and the relevant documents and regulations in the countries and regions where we operate.

The Group is also exploring energy saving and green management measures for our facilities, and strives to reduce resource consumption of 5% by 2025. The increase in purchased electricity and petrol consumption in 2020 was mainly attributable to the increase in the revenue generated from the provision of educational services and relocation of two PRC subsidiaries to larger offices during the year. As the Group strictly abided the towngas reduction management system, the consumption of towngas decreased during the year. During the reporting period, the energy consumptions is as follows:

Energy Consumption	Unit	HK	PRC	2020 Total	2019 Total
Purchased electricity	MWh	19.69	627.20	646.89	566.91
Petrol	MWh	37.19	399.85	437.04	221.63
Towngas	MWh	–	32.43	32.43	38.54
Total energy consumption	MWh	56.88	1,059.48	1,116.36	827.08
Energy consumption intensity	MWh/m^2	0.15	0.03		HK: 0.14 PRC: 0.16

Water

Water is another important natural resource. Regarding water consumption for the Hong Kong offices, the water supplies are solely controlled and centrally managed by their respective property management companies. Hence, it is not feasible for the Group to provide all relevant water consumption data as there is no sub-meter for individual office unit to record water usage. However, the Group actively seeks ways to mitigate water consumption by raising employees' awareness of water saving through green office policy such as reminding employees to turn faucet off tightly, conducting regular inspection and maintenance of water facilities, and posting notices in pantries, washrooms and other communication channels. In 2025, the Group targets to achieve the reduction of the total water consumption by 10%. The decrease in water consumption in 2020 was mainly attributable to the effective implementation of water saving policy during the year.

The water consumption of the Group is summarized as follows:

Water Consumption	Unit	HK	PRC	2020 Total	2019 Total
Water consumption	m^3	N/A	7,297	7,297	8,855
Water consumption intensity	m^3/employee	N/A	24		HK: N/A PRC: 33

A3. THE ENVIRONMENT AND NATURAL RESOURCES

The Group's daily operations have no significant impact on the environment, taking account of its business nature. The Group also ensures to strictly abide by and implement the relevant environmental and natural resources policies and regulations where it operates. Besides, no concluded cases regarding significant impacts of activities on the environmental and natural resources were brought against the issuer or its employees during the reporting period. The Group reviews its environmental policy from time to time and will consider implementing further eco-friendly measures and practices in the Group's business operations in order to enhance environmental sustainability and lower the impact of operation on the environment.

A4. CLIMATE CHANGE

Governance

Our group addresses climate-related risks based on the nature of the risk to our operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Long-term challenges, such as emerging ESG issues and climate-related risks and opportunities, may be discussed by the Group's ESG Working Group.

Our ESG Working Group provides effective governance for integrating and addressing ESG issues, including climate change, within our business. The ESG Working Group is responsible for approving operational emissions targets for the Group and commissioning an ESG benchmarking, as well as gap analysis exercise to identify gaps in both disclosure and policy relative to best practice standards. Moreover, the ESG Working Group works closely with the Group's different operation departments, with an aim to develop consistent and enhanced approaches on addressing ESG risk issues and report to the management.

Strategy

Climate change risk forms part of our overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of risk by taking into consideration a range of diverse risk factors across the many categories in our product or services range. This diversity of risk is combined with our business strategy and broad geographic footprint helps us distribute risk and provide protection against the impacts of short-term climate change effects.

Our products and services continue to provide protection for people in our communities against weather and heat-related disease. Besides, we plan to explore opportunities to engage our business partners and encourage them to develop climate resilience and reduce their operational carbon footprint by taking into consideration of different climate-related scenarios, including a “2℃ or lower scenario” through the following steps:

Step 1: Set Future Images Assuming Climate Change Effects

As climate change measures proceeds, there is a possibility that the industry will be exposed to substantial changes, such as stricter policies including the introduction of and increases in carbon pricing, as well as advances in technology and changes in customer awareness.

In light of these climate change effects, based on the International Energy Agency (“IEA”) scenarios and others, we developed multiple future images of 2025 as the external environment that will surround our Group. With regard to the IEA scenarios, we put focus on the 2℃ scenario (2DS) and pictured future images in case where climate change measures do not progress and where such measures progress further Beyond 2℃ scenario.

Step 2: Consider the Impacts

We considered the impacts on our Group for each of the future images developed in Step 1. We believe that in such a society, it will be possible to expand carbon dioxide reduction effects.

With regard to effects on raw material procurement and production, introduction of and increase in carbon pricing is anticipated in accordance with the global advance of climate change measures, leading to the possibility of higher raw material procurement and production costs.

On the other hand, in the case where climate change measures are not adequate throughout society, production interruptions and supply chain disruptions are likely to increase as a result of higher frequency and intensification of natural disasters such as flooding.

Step 3: Respond to the Strategies

Our Group will begin promoting the reduction of non-renewable energy in our business operation. This strategy will allow for flexible and strategic responses to each demand for the regions where the emission factors of purchased electricity consumptions are high. By promoting real carbon emissions reductions throughout the world through comprehensive energy-saving and introduction of renewable energy and hydrogen, we are working to achieve zero carbon emission in our business.

With respect to renewable energy in particular, we have set a new target, achieve a 5 percent reduction rate for purchased electricity by 2025. With regard to the ongoing confirmation of the suitability and progress of the Group's strategies, we believe that we will have opportunities for stable funding and sustainable increases in corporate value through appropriate information disclosure, dialogue with institutional investors and other stakeholders.

Risk Management

Our Group identifies the climate change related risks or to test the existing risk management strategies under climate change with the aid of risk assessment. Hence, the areas where new strategies are needed could be identified.

The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones. The risk assessment is conducted through the following steps:

Step 1: Establish the context

- Objective/goal
- Scale
- Time frame
- Climate change scenario for most climate variables and sea level

Step 2: Identify existing risk (past and current)

- Identify the record of occurrence of climatic hazard in the past in the area
- Risk management strategies in place to tackle future occurrence of the hazard

Step 3: Identify future risk and opportunities

- Explore climate change projections for the selected time frame(s) and emission scenario(s)
- Identify potential hazards
- Investigate whether any existing risk from Step 2 may get worse under future projected changes
- Identify new risks that can emerge under future projected changes

Step 4: Analyse and evaluate risk

- Identify a set of decision areas or systems (i.e. Geographical areas, business operation, assets, ecosystems, etc.) that has the potential to be at risk in future

As outlined within the Governance section above, the Group has robust risk management and business planning processes that are overseen by the board of directors in order to identify, assess and manage climate-related risks. The Group engages with government and other appropriate organizations in order to keep abreast of expected and potential regulatory and/or fiscal changes.

We continue to raise awareness of climate change in regard to monitoring of carbon and energy footprint in our daily operation. However, there remains gaps in understanding how such climate risks and opportunities may impact our operations, assets and profits. Our Group assesses how the business addresses climate change risks and opportunities and takes the initiative to monitor and reduce their environmental footprint.

Significant Climate-related Issues

During the reporting period, the significant climate-related physical risks and transition risks, which have impacted and/or may impact our Group, as well as the steps taken to manage these risks, were as follows:

Detailed description of risks	Financial Impact	Steps taken to manage the risks
Physical Risk		
Acute physical risks		
– Climate change can lead to more frequent extreme weather. Super typhoon may be an extreme weather in Hong Kong. It can cause serious impacts on the office and learning centres' infrastructure. Office windows may be broken due to heavy wind and rain. The Group's documents, systems, back up storage may be destroyed as a result of typhoon.	– Operating cost and maintenance cost increase	– All our learning centres and office will take sufficient and necessary measures when there is an announcement of typhoon. All documents will be stored in a proper manner and kept away from the window. Additionally, the electronic version of the documents will also be saved for backup. The backup will be kept by the senior management and be stored outside of the office.
Chronic physical risks		
– Prolonged hot weather may increase the energy consumption. As electricity supply is very important for running a business, a surge of energy consumption may lead to fuel shortage, results in shortage of electricity supply.	– Operating cost increases.	– The Group is always taking effort in saving energy by encouraging staff to switch off the lighting, air conditioner and electric power of office equipment when it is unnecessary. Energy saving could help to reduce the operating cost of the Group, in the meantime, save the world resources.

Detailed description of risks	Financial Impact	Steps taken to manage the risks
– Climate change can lead to an increase in extreme weather, such as drought, super typhoon, flood, etc., which can affect the ecosystem. The Group is dependent on paper for note printing and consumes a huge amount of paper. Paper notes are essential for the services provided to students. One of the raw materials for paper is wood. If prolonged extreme weather events occurred, the supply of wood will be affected, hence, affecting the supply of paper.		– The Group aims to minimise paper consumption in its operations by: 1) Selecting suppliers who supply environmentally-friendly paper and/or carry out relevant policies to protect the environment; 2) Reminding staff regularly to reduce paper consumption, and; 3) Implementing measures for waste paper collection within the Group for recycle purpose. – Engagement with local or national governments and local stakeholders on local resilience.
Transitional Risk		
Policy risk		
– Mandates on and regulation of existing products and services. If there is a restriction on logging for environmental protection purpose imposed by relevant governments, the supply of wood will be affected, hence, affecting the supply of paper and other natural resources.	– Operating cost increases due to increased insurance premiums. – Production cost increases due to changing input prices	– Selecting suppliers who carry out relevant policies to protect the environment

Detailed description of risks	Financial Impact	Steps taken to manage the risks
Legal risk		
– Exposure to litigation. We have to adapt the tightened law and regulations issued by the government due to climate change, and they have the risk of litigation once they failed to obligate the new rules. – Enhanced emissions-reporting obligations. The Group may have to spend much time on fulfilling the report standards to comply the new obligations. – The loan, investment and the underwriting in insurance of economic systematic risk may cause or worsen.	– Operating cost increases for high compliance costs and increased insurance premiums for the Group.	– Monitor the updates of environmental laws and regulations and implemented GHG emissions calculations in advance.
Market risk		
– More customers are considering climate-related risks and opportunities, which may lead to changes in customers' demand for products and services. – Increased cost of raw materials. More environmentally-friendly raw materials may be much expensive, which may increase the cost.	– Revenue decreases for the change in revenue mix and sources. – Operating cost increases as abrupt and unexpected shifts in energy costs. – Production cost increases due to changing input prices and output requirements.	– Tighten the control of the environmental hazardous materials in our products and studied the application of recycled materials.

Detailed description of risks	Financial Impact	Steps taken to manage the risks
Reputational risk		
– Unable to fulfil the expectations of the customers, damage the Group's reputation and image. – Stigmatization of our business sector, such as more stakeholder concern or negative stakeholder feedback on the product designed in a less environmentally-friendly way.	– Revenue decreases from decreased demand for goods and the decrease in production capacity. – Operating costs increases from negative impacts on workforce management and planning.	– Support the green productions. – Fulfilled the social responsibility by organizing more activities or executing actions to demonstrate how we place importance on climate change.

Detailed description of opportunities	Financial Impact
Resource efficiency	
– Reduce more packaging material usage – Reduce water usage and consumption	– Operating cost reduces through efficiency gains and cost reductions
Energy source	
– Use of lower-emission fuel sources – Use of supportive policy incentives – Use of new technologies	– Operating cost reduces through use of lowest cost abatement – Returns on investment in low-emission technology
Products and services	
– Development of climate adaptation and insurance risk solutions – Ability to diversify business activities	– Revenue increases through new solutions to adaptations needs, such as insurance risk transfer products and services

Detailed description of opportunities	Financial Impact
Markets	
– Access to new markets	– Revenue increases through access to new and emerging markets
Resilience	
– Participation in renewable energy programs and adoption of energy-efficiency measures – Resource substitution or diversification	– Market valuation increases through resilience planning, such as infrastructure, land and buildings – Reliability of supply chain and ability to operate under various condition increase – Revenue increases through new products and services related to ensuring resiliency

Metrics and Targets

Our Group adopts the key metrics to measure and manage climate-related risks and opportunities. The energy consumption and greenhouse gas (GHG) emissions indicators are the key metrics used to assess and manage relevant climate-related risks where we consider such information is material and crucial for assessing the impact of our operation on global climate change during the year.

Our Group tracks our energy consumption and greenhouse gas emissions indicators regularly to assess the effectiveness of emission reduction initiatives, as well as set targets to contribute our effort to have minimal impact on global warming. The details are described in the section A1: "Emissions" of this Report. Our Group has adopted absolute target to manage climate-related risks and opportunities and performance.

B. SOCIAL ASPECTS

The Group recognizes that maintenance of strong, healthy and friendly business relations with employees, supply chains, and which a business a connected or expects to have a connection, whether internal or external, is the foundation for the Group success and development. The Group highly considers employees as important assets and is committed to earning respect from employees, maintaining work-life balance, and making them to grow together with us. With supporting business sustainable development, the Group works closely with suppliers to manage social risks.

Also, with a goal of understand the needs and interests of communities where the issuer operates, the Group takes its own initiatives to actively contribute to the society in various ways.

EMPLOYMENT AND LABOUR PRACTICES

B1. EMPLOYMENT

The Group believes our employees are the most valuable asset. Therefore, we are committed to earning respect from employees, maintaining work-life balance, and making them to grow together with us. We actively assist the employees in building a value of integrity, enterprising, cooperation and innovation, in compliance with the national laws and the system of the Group, and to refuse violation of business ethics.

Throughout the year, the Group fully complied with all of the relevant laws and regulations in the countries and regions, such as the Employment Ordinance (Cap. 57), the Minimum Wage Ordinance (Cap. 608), the Labour Law of the People's Republic of China, and other relevant regulations where we operated. We pursue fair and equitable principle, promote equal opportunity in recruiting and promotion for employees and prohibit any kind of forced labour. The Group solely considers the knowledge, character, ability and experience of candidates to meet the appropriate conditions of service, regardless of his/her gender, race and family status, etc.

The Group is strictly in compliance with the Provisions on the Prohibition of Using Child Labour issued by the State Council of the People's Republic of China. The Group strictly conducts checking of identity card of candidates to prevent hiring child labour. All new employees must undergo interview, questionnaire, business test and other procedures to ensure the fairness of recruitment. Prior to the official joining of the employees into the Group, employees must sign the labour contracts, which set out clearly the information such as job descriptions, remunerations, etc., to prevent any form of forced labour. During the reporting period, no concluded case regarding social issues was brought against the Group.

The Group pays special attention to its employees' right, hence, it treats its employees fairly based on a series of standardised internal policies and procedures in a proactive manner. The Group updates and improves these policies and procedures regularly by taking into consideration the health and well-being of its employees. All employees are kept abreast of any updated policies and practices through emails, and details are also available from the Human Resources Department.

The employees of the Group stick to the principle of "Morality Come First", and to be fair, honest and trustworthy, and has positive impact on the environment with the power of integrity. Being dutiful, efficient, taking up responsibility, actively taking up new tasks and challenges, at the same time, employees should keep curious, in pursue of excellence through continuous learning.

In addition, employees also need to be opened for win-win situation, enjoy the success of the industry with partners and the industry, not only cooperate with the other teams, achieve goals together, but also share professional knowledge and working experience, grow together with colleagues.

Our employees believe everyone can be innovative and everything can be innovated. Our employees are brave to break through, to try, to fail and to learn. We not only have comprehensive mechanism to manage the salary of employees and recruitment procedure, but also provide different benefits and diversified training to employees and care about the safety and health of employees.

The Group adjusts employees' remuneration on a yearly basis in order to provide them with salary of market competitiveness. The Group also sets up salary scale to ensure employees will be treated equally according to the business system and the ranking.

Other than providing statutory welfare protection such as the social security program "five insurance and housing provident fund" (covering pension insurance, medical insurance, unemployment insurance, maternity insurance, employment injury insurance and housing provident fund) to all the employees, the Group also purchases accidental injury insurance and supplemental medical insurance. We also offer subsidies for lunch, transport and telecommunication as a support to the employees at work.

To let the employees to reach a work-life balance, the Group does not encourage overtime work. In case of any needs in extending the work hours, the overtime work has to be negotiated for consensus and also compensated with overtime payment or compensation leaves. In addition to the statutory holidays, the employees are also entitled to annual leave, marriage leave, prenatal leave, maternity leave, paternity leave, breast-feeding leave, extra maternity leave, compassionate leave etc.

To establish a corporate culture which cares for the employees, during the year, the Group provided various employee benefits such as celebration on the 8th March Women's Day with female employees, providing annual health check for free, giving out festive cash or gifts during Chinese festivals, providing cash or gifts for birthdays, marriage and birth, and Providing free oral consultation. The Group attempts to meet its employees' needs in all aspects so as to cultivate loyalty and dedication.

At the end of the reporting period, the Group has 327 employees (2019: 315 employees) located in Hong Kong and the PRC. Below is the employee breakdown by gender, age group, employment category and geographical region.

Employee breakdown	2020	2019
By gender		
– Male	46%	50%
– Female	54%	50%
By age group		
– Age 30 or below	32%	33%
– Age 31-40	34%	32%
– Age 41-50	23%	23%
– Age 51 or above	11%	12%
By employment category		
– Senior management	5%	7%
– Middle management	15%	15%
– General	80%	78%
By employment mode		
– Full time	100%	100%
By geographical region		
– Hong Kong	7%	6%
– The PRC	93%	94%

The employee turnover rate during the year by gender, age group and geographical region are as follows:

Employee turnover rate	2020	2019
By gender		
– Male	28.7%	16.1%[7]
– Female	18.6%	14.4%[7]
By age group		
– Age 30 or below	34.0%	17.3%[7]
– Age 31-40	16.9%	16.2%[7]
– Age 41-50	14.6%	16.5%[7]
– Age 51 or above	31.2%	3.2%[7]
By employment mode		
– Full time	23.5%	15.2%[7]
By geographical region		
– Hong Kong	19.2%	23.3%[7]
– The PRC	23.8%	14.6%[7]
Overall	23.5%	15.3%[7]

[7] The data of 2019 has been restated for comparative purpose.

B2. HEALTH AND SAFETY

The Group takes into consideration every precaution to establish a healthy and safe working environment for its employees. The Group strictly complies with the rules and guidelines stipulated in the Occupational Safety and Health Ordinance by the Labour Department in Hong Kong and any other applicable laws and regulations such as the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases. Besides, we maintain a healthy and safe workplace for our employees. Reviews will be conducted with immediate follow-up actions and improvements whenever necessary. Safety guidelines are in place for our laboratories as well. In 2020, no concluded case (2018: nil, 2019: 1 case) regarding health and safety was brought against the issuer or its employees, and there was no lost day (2018: nil, 2019: 1 day) due to injury.

Safety and health of employees are assets of the Group. For the vast majority time, our employees working the office, for instance, reading documents, writing and typing. Therefore, providing a healthy and comfortable working environment for them is extremely important.

Apart from focusing on the cleaning of our office, we also put emphasis on the design, maintenance and repair of workplace. In terms of the hygiene condition of the office, employees need to keep clean and tidy in workplace.

Smoking, spitting everywhere and littering are prohibited in office. With regard to the design of office, we do not encourage employees to store stuff under their tables. Enough space should be kept above their legs and at their feet, allowing their feet to move intermittently and ensuring users' proper sitting posture. We also understand that being kept in same position is exhausting for employees, so we encourage employees to change their working mode regularly or have mild exercise, releasing stress to improve productivity. In addition to maintaining the furniture in office on a regular basis, for problems in relation to the office furniture brought up by employees, we also fix them in a timely manner.

Apart from providing the employees with safe and comfortable working environment, we also comply with the regulations such as the Fire Protection Regulation of the People's Republic of China, formulate responsibility system on fire safety of the Group to prevent fire and mitigate fire hazards, protect the lives and property of employees and build a harmonious society. We implement the guideline of "Prevention First, Combination of Fire Prevention", develop annual firefighting plan, organize the implementation of daily fire safety management and prevent fire hazards. In this year, there was no death due to employment injuries. The Group is committed to prevent the incidents of employment injuries of employees in compliance with the relevant laws and regulations. The Group also provides safe working environment and ensures the employees are free from occupational harms.

The Group not only values the healthy and safe working environment, but also puts attention to the mental health of its employees. Through team activities, we expect to strike an effective balance between employees' work and life and enhance the ability to work in teams. For the purpose of encouraging employees, livening things up and strengthening departmental cohesiveness, the Group finances internal collective activities for every department. In addition to strengthening departmental internal cohesiveness, we also wish to promote employees' cooperation and communication across departments as well as to create a united and harmonious working atmosphere. As a result, we set up team building expenditure, enabling employees of the Group to organize tea party, book club, fellowship, colloquium, chess and card entertainment, cultural and sporting activities, competition and contest, scenic spot visit, etc.

Through a variety of employees' activities such as monthly birthday parties, handmade sachet event of Dragon Boat Festival, and Spring Festival Festive Gala, the members of the Group can believe themselves, enhance their health and physique, have a feeling for the warmth of the organization. Besides, this can facilitate exchange among the colleagues and nurture the team spirit along their tense work. This allows the employees to devote themselves to the work with fresher faces and better spirit in achieving individual values.

B3. DEVELOPMENT AND TRAINING

The Group sticks to be fair, just and open. According to the performance and contribution of employees, and the employees who possesses integrity, work ability and great contribution will be promoted. The Group also introduces competition mechanism and implement the principle of "the Survival of the Fittest". It forms a positive mechanism for employees. In addition, the Group conducts regular examination to employee for motivation purpose. Additional bonuses will be distributed according to the results of the examination. The Group also holds outstanding staff election annually and the candidates of each department will be recommended by the way of secret ballot. The elected outstanding staff will be finalized by the management and rewarded prize in-kind, training, travel or cash.

The Group values talent training, actively supports employees' development. Through continuous learning of new idea, new knowledge and new method, it can improve the quality and skill of the employees gradually in order to promote the sustainable development of the Group's business and to be successful. We value the feelings of new employees. Apart from arranging training to make new employees understand the basic situation and the development of the Group, familiarize with the organizational structure and corporate culture and learn the system and conduct code of the Group, department heads will be assigned to follow the working situation of the new employees in probation period, completion of the objectives and so on, by way of encouraging to point out where needs to be improved and set stages of objectives as well as expectations. The department head is also the mentor of new employees who helps the new employees to familiarize with the internal and surroundings of the Group, knowing about the duties and personnel of each department, to solve problems and difficulties encountered and helps new employees to adapt to the team at lunch times. We value the sustainable development of employees and encourage the employees to participate in study and training with objectives of broadening the horizon and develop more knowledge categories of the employees.

The Group provides diversified on-the-job trainings to employees, particularly wealth management and financial market directions and decision-making, with the aim to ensure that employees have the technical and professional skills needed to perform tasks smoothly and efficiently.

Trainings at all levels are available to meet the needs of respective positions as below.

1. **Orientation trainings** – New employees will receive orientation trainings related to corporate culture.

2. **Job skills trainings** – All new and internally transferred employees will receive trainings related to department functions, job responsibilities and job skills within the first week of work to ensure they have a complete understanding of the job.

3. **External trainings** – Professional trainings for certain job positions based on the operation needs of the Group such as WMC Orientation Workshop provided by Wealth Management Cube Limited, Advanced Technical Analysis Module 3 provided by Vocational Training Council, and Law Relating to Asset Protection – Trusts provided by Vocational Training Council.

The detailed breakdown of the percentage of employees trained by gender and employee category is as follows:

Percentage of employee trained (%)	2020	2019
By gender		
– Male	41.1%	50.7%[8]
– Female	58.9%	49.3%[8]
By employment category		
– Senior management	3.9%	4.1%[8]
– Middle management	12.5%	15.4%[8]
– General	83.6%	80.5%[8]

And the average training hours completed per employee by gender and employee category is as follows:

Average training hours (hours/employee)	2020	2019
By gender		
– Male	2.1	2.4
– Female	2.6	2.4
By employment category		
– Senior management	5.7	3.4
– Middle management	4.5	1.6
– General	1.7	2.5

[8] The data of 2019 has been restated for comparative purpose.

B4. LABOUR STANDARDS

The Group respects the human rights of employees, and is strongly against the employment of child labour and forced labour. The Group is strictly in compliance with the relevant laws and regulations, such as the Labour Law of the People's Republic of China. We pursue fair and equitable principle, promote equal opportunity in recruiting and promotion for employees and prohibit any kind of forced labour. The Group solely considers the knowledge, character, ability and experience of candidates to meet the appropriate conditions of service, regardless of his/her gender, race and family status, etc. The Group strictly complies with the Provisions on the Prohibition of Using Child Labour issued by the State Council of the People's Republic of China. The Group strictly conducts checking of identity card of candidates to prevent hiring child labour. All new employees must undergo interview, questionnaire, business test and other procedures to ensure the fairness of recruitment. Prior to the official joining of the employees into the Group, employees must sign the labour contracts, which set out clearly the information such as job descriptions, remunerations, etc., to prevent any form of forced labour.

Operating Practices

To realize the Group's business philosophy "Client Cantered", we are committed to providing the clients with high quality services to cater for their needs. For the purpose of protecting our product patents, we have applied for and acquired 30 software copyrights. We also conduct promotion campaigns by strictly abiding by relevant advertising laws and regulations such as the Advertising Law of the People's Republic of China. In addition, we attach importance to the personal privacy of our clients and the cybersecurity.

Other than looking forward to gaining the clients' respect, we expect to grow together with suppliers as well. Through adhering to sustainable business conduct and continuous improvement, clean and righteous social climate can be created.

B5. SUPPLY CHAIN MANAGEMENT

As part of its commitment to environmental and corporate responsibility, the Group attaches great importance to supplier management and monitors by formulating internal procedures and guidelines for managing environmental and social risks of the supply chain. It undertakes regular reviews on its supply chain to ensure that its partners do not have significant impact on the environment and society. During the reporting period, the Group had 6 suppliers which were located in the PRC.

The Group puts emphasis on procurement and adheres to the principle of "Act with Justice, Safeguard the Group's Interest" while purchasing. We understand that the business activities will bring about impacts on economy, environment and society. Some suppliers may provide false certifications to us, which affect our selections. Therefore, we develop a clear procurement system and uphold five major principles, namely, principle of inquiry and price comparison, principle of consistency, principle of seeking for low price, principle of suppliers' evaluation and principle of incorruptibility, to purchase, to mitigate the environmental and social risks caused by supply chain. During the process of selecting suppliers, the Group adheres to principles of openness, equity, fairness and honesty to conduct tendering and bidding. We not only require our suppliers to be legally operated enterprises, but also consider their credibility, financial position, service capacity and service awareness. We also take measures to request the suppliers to ensure that no child labour is hired and no human rights are violated. Signing contract is required when conducting all procurements. Negotiation with suppliers shall be made in the presence of at least two employees, with cash discount and sales discount from suppliers to the Group stipulated in the contract so as to rigorously oversee the implementation of contract and control the disbursement of funds.

Apart from paying attention to social risks caused by supply chain, the Group also commits to mitigating the environmental pollution resulted from supply chain. Therefore, for suppliers who share similar conditions, the Group tends to choose supplier based on the principle of proximity to reduce carbon emissions from transport. The Group also has a supplier roster to review and update on a regular basis, eliminating suppliers who are not in compliance with the Group's sustainable development principle.

B6. PRODUCT RESPONSIBILITY

The Group is committed to providing quality and customer-centred online educational services. We continue to cultivate a corporate culture which emphasises the provision of fair and just services for its customers. The Group is in strict compliance with related laws and regulations, including "Product Quality Law of the People's Republic of China". During the reporting period, the Group did not discover any significant risk exposure in relation to the product responsibility.

Complaints Handling

The Group's department of commerce is responsible for dealing with the complaints from customers. Prompt response will be made and the problem will be tackled to prevent similar complaints from happening. During the year, no complaints related to the quality of products were received by the Group. Regular customer satisfaction survey is carried out biannually for the continuous improvement of quality of products and services.

Quality Management

In order to enhance the quality of products and services provided by the Group, the Group has set up internal policies – "Product Inspection Procedures", "Products Recall Guidelines" and other related procedures in accordance with the requirement of ISO 9001:2017 – Quality Management System. Inspections are performed in different stages of the production line before the products are packed for delivery to ensure the quality of products. Procedures for control of nonconforming products shall apply to protect customers against safety risks for any products which are inspected to be unqualified. If products are recalled for safety and health reasons unfortunately, product recalling procedures and analysis shall be carried out to reduce similar incidents. During the reporting period, no product sold was recalled for safety and health reasons.

Information Protection

The Group respects customer data privacy and is committed to preventing customer data leakage or loss. According to the Group's "Customers Property Control Procedures", collected customer personal data and property are accessible only by authorised personnel and handled with care. The Group complies with relevant customer information protection laws and regulations. During the year, no severe laws violation in this aspect was found to have posed significant impact on the Group.

Network information security is not only related to the operation of our regular business but also related to national security and social stability. With regard to network information security work, the Group complies with the laws and regulations concerning privacy matters such as the Standards for the Assessment of Internet Enterprises' Protection of Personal Information in the PRC, the Provisions on Protecting the Personal Information of Telecommunications and Internet Users in the PRC, and the Computer Crimes Ordinance in Hong Kong, establishes a sound management system, implements various technological preventive measures, filters the harmful and malicious information in a timely manner and keeps user information strictly confidential so as to ensure the security of network and information. Protecting security, confidentiality and integrity of information, which is of great importance to the Group, is also the commitment made to our clients.

In order to protect the data of clients, we not only establish a safe clients management system and configures access privileges for client's information, learning record and payment record etc., but also designate personnel to manage client's information. In addition to improving the security management of system, the Group also signs confidentiality agreement with employees and carries out secrecy concerning system security, virus prevention, internet use and download. The Group organizes seminars regarding network information security from time to time, enabling the employees to fully understand the importance of network security and to conform to relevant laws and regulations. We establish accountability system for information security and confidentiality as well to pragmatically bear the responsibility of ensuring network and information security confidentiality. We specifically put into practice those responsible and their responsibility, refine working measures and workflow, set up and improve management system and implementation approaches, to guarantee the provision of safe network and information services to customers.

Apart from keeping clients' information confidential, we also need to guarantee the cybersecurity. We have installed software firewall on both web server and workstation, and applied a complete set of precautions against computer virus and malicious attack so as to the website system from disturbance and sabotage of harmful information. Login password of web server is kept by dedicated administrator, while 24-hour surveillance for web server is conducted by surveillance system. Strict access control is implemented for the administration interface. We also adopt third-party network security software to scan the network system of the Group on a regular basis. Aside from security management aimed at the system, we are also staffed by high-quality and professional web employee to update the information and content of the website. All the information published on our website is subject to the approval of management.

For information collection, employees should scrupulously comply with relevant national laws and regulations as well as relevant provisions. Disseminating content prohibited by related laws and regulations such as the Regulation on Internet Information Service of the People's Republic of China through the Group's website and messaging platform is strictly forbidden for employees.

B7. ANTI-CORRUPTION

The Group holds itself to the highest level of integrity and ethical standards upon its businesses. The Group has been in strict compliance with the related local laws and regulations in the PRC and Hong Kong including the Prevention of Bribery Ordinance and the Criminal Law of the People's Republic of China. Therefore, it formulates a set of policy guidelines and codes of conduct for the employees, under which any kinds of bribery and corruption practices are strictly forbidden. There is also a comprehensive system for declaration of interests, as well as a sound reporting mechanism for any suspicious activity. These principles are well conveyed to our employees through daily communication, trainings and workshops such as Anti-Money Laundering and Counter-Terrorist Financing Seminars provided by the Securities and Futures Commission. Our customers, suppliers and contractors are expected to follow the same policy when working with us. During the reporting period, there was no legal case regarding corrupt practices brought against the Group or its employees.

The Group has been upholding the operational principle of incorruptibility. Employees should comply with rigorous ethical requirements, and shall not accept any gift, bribe or all forms of presents or funds from anyone related to the Group's business operation. For presents that are hard to refuse, employees should hand all of them over to the Group for handling. We also stipulate that employees can neither leak business and occupational secrets nor reap personal gain to carry out corruption and fraud by using their position. When dealing with third party company on behalf of the Group, our employees have to adhere to the principle of impartiality, and avoid receiving special treatment for specific person by using their own influence or personal preference. In addition to formulating scrupulous management requirements and incorrupt procurement process for employees, we also set up regulatory department to supervise and question procurement activities, preventing the occurrence of any violation in incorruptibility system.

The Group provided training sessions of anti-corruption to the directors and staff. During the year, about 68% of the staff has received the anti-corruption training. At the end of the reporting period, the number of employees received anti-corruption training and the training hours by employment category were as follows:

Anti-corruption training	Number of employees received training	Number of training hours
By employment category		
– Board of directors	2	2
– Senior management	4	4
– Middle management	55	10
– General	161	12
Total	222	28

COMMUNITY

B8. COMMUNITY INVESTMENT

The Group is committed to supporting and contributing to the society by implementing related policies and measures to understand the needs of the community. Contribution to the community and maintaining a harmonious relationship with the stakeholders in the region of operation are crucial for the sustainable development of the Group.

The Group is willing to participate in activities organised by the community in order to enhance the communication among different stakeholders. As a standing council unit of China Association for Continuing Engineering Education and International Association for Continuing Engineering Education (IACEE) Committee unit, the Group actively engages with different educational institutions oversea in order to create an international platform to exchange educational resources.

IACEE is an international, non-profit and nongovernmental organization, which aims to support the lifelong engineering education and trainings worldwide, enhance lifelong technological learning and training worldwide as well as strengthen the accessibility and integration among the information of the tertiary engineering education sector. Apart from earning respect from society in terms of business, we also care for the community to make the whole community grow with us. We encourage our employees to participate in charitable events proactively and join together to create a harmonious society. The essence of education is to make everyone live a better life.

The Group will never lose sight of its mission. We will strive to fulfil social responsibility, spare no effort to let every learner have access to more abundant educational resources and humanistic care.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page
A.Environmental			
A1: Emissions			
General Disclosure		"Environmental Aspects"	45
KPI A1.1	The types of emissions and respective emissions data	"Emissions – Air Pollutant Emission"	46
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	"Emissions – Greenhouse Gas Emission"	47
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	"Emissions – Hazardous and Non-hazardous Wastes"	N/A
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	"Emissions – Hazardous and Non-hazardous Wastes"	48
KPI A1.5	Description of measures to mitigate emissions and results achieved	"Emissions – Air Pollutant Emission" "Emissions – Greenhouse Gas Emission"	46-47
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	"Emissions – Hazardous and Non-hazardous Wastes" "Emissions – Wastewater"	48

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page
A2: Use of Resources			
General Disclosure		"Use of Resources"	49
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	"Use of Resources – Energy"	50
KPI A2.2	Water consumption in total and intensity	"Use of Resources – Water"	51
KPI A2.3	Description of energy use efficiency initiatives and results achieved	"Use of Resources – Energy"	49-50
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	"Use of Resources – Water"	50
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	–	–
A3: The Environment and Natural Resources			
General Disclosure		"The Environment and Natural Resources"	51
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	"The Environment and Natural Resources"	51
A4: Climate Change			
General Disclosure		"Climate Change"	51-54
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	"Climate Change"	55-59

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page
B. Social			
Employment and Labour Practices			
B1: Employment			
General Disclosure		"Employment"	60
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	"Employment"	62
KPI B1.2	Employee turnover rate by gender, age group and geographical region	"Employment"	63
B2: Health and safety			
General Disclosure		"Health and Safety"	64
KPI B2.1	Number and rate of work-related fatalities	No case of work-related fatalities was observed	–
KPI B2.2	Lost days due to work injury	No case of lost days due to work injury was observed	–
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	"Health and Safety"	64-65
B3: Development and Training			
General Disclosure		"Development and Training"	65-66
KPI B3.1	The percentage of employee trained and employee category	"Development and Training"	67
KPI B3.2	The average training hours completed per employee by gender and employee category	"Development and Training"	67

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page
B4: Labour Standards			
General Disclosure		"Labour Standards"	68
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	"Labour Standards"	68
KPI B4.2	Description of steps taken to eliminate such practices when discovered	–	–
Operating Practices			
B5: Supply Chain Management			
General Disclosure		"Supply Chain Management"	68
KPI B5.1	Number of suppliers by geographical region	–	–
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	"Supply Chain Management"	68-69
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	"Supply Chain Management"	69
KPI B5.4	Descriptions of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	"Supply Chain Management"	69

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page
B6: Product Responsibility			
General Disclosure		"Product Responsibility"	69
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	"Product Responsibility – Quality Management"	70
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	"Product Responsibility – Complaints Handling"	69
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights	–	–
KPI B6.4	Description of quality assurance process and recall procedures	"Product Responsibility – Quality Management"	70
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	"Product Responsibility – Customer Information Protection"	70-71
B7: Anti-corruption			
General Disclosure		"Anti-corruption"	72
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case	"Anti-corruption"	72
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	"Anti-corruption"	72
KPI B7.3	Description of anti-corruption training provided to directors and staff	"Anti-corruption"	72

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Page
Community			
B8: Community Investment			
General Disclosure		"Community Investment"	73
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	"Community Investment"	73
KPI B8.2	Resources contributed (e.g., money or time) to the focus area	"Community Investment"	73

The Directors hereby present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

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 39 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.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections of Financial Summary, Chairman's Statement, Management Discussion and Analysis, Environmental, Social and Governance Report and the paragraphs below.

The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group in the PRC. Event affecting the Group occurred since the end of the financial year is set out in the part headed "Event after the Reporting Period".

Key Risk Factors

The following lists out the key risks and uncertainties facing the Group.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

Key Relationships with Employees, Customers and Suppliers

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analysis on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

Our major suppliers are generally cloud delivery network providers and computer hardware providers and had business relationship with the Group for over 5 years on average, which mainly located within Hebei Province, the PRC.

The payables were usually settled within the credit period. The credit terms granted to the Group ranged from 30 to 90 days. Details of the trade and other payables of the Group as at 31 December 2020 are set out in note 27 to the consolidated financial statements.

The Group puts emphasis on procurement and adheres to the principle of "Act with Justice, Safeguard The Group's Interest" while purchasing. In order to alleviate risks for conduct of suppliers, the Group has developed a clear procurement system and uphold five major principles, namely principle of inquiry and price comparison, principle of consistency, principle of seeking for low price, principle of suppliers' evaluation and principle of incorruptibility, to purchase, to mitigate the environmental and social risks caused by supply chain.

During the year ended 31 December 2020, the Group did not have any significant disputes with our major suppliers.

The Group are principally engaged in the provision of the online training and education services in the PRC. Our major customers are mainly government associations and industry training platforms which offer training to civil servants and professional technical personnel and the trading terms with them are mainly on monthly basis. Besides, the Group has entered into the insurance related business in 2017 and the major customers are those who demand for insurance products. The trading terms with them are mainly on contract basis. The years of business relationship with the Group ranged from 3 to 5 years. Details of the trade and other receivables of the Group as at 31 December 2020 are set out in note 24 to the consolidated financial statements.

As we are providing online services, network information security is important to the operation of our regular business. In order to alleviate the security risk, the Group has complied with the laws and regulations concerning privacy matters such as the Standards for the Assessment of Internet Enterprises' Protection of Personal Information and the Provisions on Protecting the Personal Information of Telecommunications and Internet Users, establishes a sound management system, implements various technological preventive measures, filters the harmful and malicious information in a timely manner and keeps user information strictly confidential so as to ensure the security of network and information.

During the year ended 31 December 2020, the Group has not experienced any major disruption of business due to material delay or default of payment by our customers due to their financial difficulties. We did not have any major product dispute with our customers.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 100 and 101.

DIVIDEND

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

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 30 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 104 and 105.

PRE EMPTIVE RIGHTS

There is no provision for pre-emptive rights under 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.

DIRECTORS

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

Executive Directors

Mr. Lu Xing *(Chairman)*
Mr. Li Jia
Mr. Xu Dayong
Mr. Hu Dingdong *(Chief Executive)*

Independent Non-executive Directors

Mr. Leung Siu Kee
Mr. Wu Yalin
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. Xu Dayong, Mr. Hu Dingdong, Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping 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 AGM has an unexpired 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.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the company or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

EQUITY LINKED AGREEMENT

Details of the equity-linked agreement entered into during the Year or subsisting at the end of the year are set out below:

Share Option Schemes

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 exercise 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 the date of this annual report, there are no outstanding share options and no shares are available for issue under the Share Option Scheme 2004.

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. The remaining life of the Share Option Scheme 2014 is 3 years.

Movements of share options during the year ended 31 December 2020 under the Share Option Scheme 2014 are summarised as follows and details of which are set out in note 32 to the consolidated financial statements:

Movements of Share Option Scheme 2014 during the Year

List of Grantees	Balance as at 1 January 2020	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Balance as at 31 December 2020	Exercise Price HK$	Date of grant	Exercise Period
Directors									
Wu Xiaodong (resigned on 24 March 2020)	3,000,000	–	–	3,000,000	–	–	0.127	29/06/2017	29/06/2017-28/06/2022 *(Note 1)*
Wang Cheng (resigned on 31 December 2019)	3,000,000	–	–	3,000,000	–	–	0.127	29/06/2017	29/06/2017-28/06/2022 *(Note 1)*
Xu Dayong	1,000,000	–	–	–	–	1,000,000	0.127	29/06/2017	29/06/2017-28/06/2022
Wu Yalin	1,000,000	–	–	–	–	1,000,000	0.127	29/06/2017	29/06/2017-28/06/2022 *(Note 3)*
Wang Shuping	500,000	–	–	–	–	500,000	0.127	29/06/2017	29/06/2017-28/06/2022 *(Note 3)*
Subtotal	8,500,000	–	–	6,000,000	–	2,500,000			
Employees									
In aggregate	10,700,000	–	–	–	–	10,700,000	0.29	18/05/2016	18/05/2016-17/05/2021 *(Note 2)*
	27,800,000	–	–	–	–	27,800,000	0.127	29/06/2017	29/06/2017-28/06/2022 *(Note 3)*
Subtotal	38,500,000	–	–	–	–	38,500,000			
Consultants									
In aggregate	7,000,000	–	–	–	–	7,000,000	0.29	18/05/2016	18/05/2016-17/05/2021 *(Note 2)*
	3,000,000	–	–	–	–	3,000,000	0.127	29/06/2017	29/06/2017-28/06/2022 *(Note 3)*
Subtotal	10,000,000	–	–	–	–	10,000,000			
Total	57,000,000	–	–	6,000,000	–	51,000,000			

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

3. 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.

During the year ended 31 December 2020, 6,000,000 share options were lapsed and no share options were granted, exercised or cancelled under the Share Option Scheme 2014.

The total number of securities available for issue under the Share Option Scheme 2014 is 547,851,057, representing approximately 9.19% of the issued shares of the Company as at the date of this annual report.

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 2020, 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 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 ("Mr. Lu")	Beneficial owner	569,968,000	—	1,359,596,323	22.80%
	Held by controlled corporation	789,628,323 (Note 1)	—		
Li Jia	Beneficial owner	7,936,000	—	7,936,000	0.13%
Wang Shuping	Beneficial owner	—	500,000	500,000	0.01%
Wu Yalin	Beneficial owner	—	1,000,000	1,000,000	0.02%
Xu Dayong	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 31 December 2020, 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.

ARRANGEMENT FOR DIRECTORS TO PURCHASE 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 year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of the Company or any other body corporate.

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

As at 31 December 2020, 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:

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

Notes:

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

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

3. Of these 533,464,000 shares, 434,724,000 shares are held by HTHTIMES Limited and 98,740,000 shares are held by Team Effort Investments Limited. HTHTIMES Limited and Team Effort Investments Limited are companies incorporated in the British Virgin Islands with limited liabilities and wholly owned by Mr. Choi.

4. These 578,700,000 shares are held by Easy Team Investment Limited which is incorporated in Hong Kong with limited liabilities and wholly owned by Ms. Siu.

Save as disclosed above, as at 31 December 2020, 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 2020, none of the Directors, the management, shareholders or substantial shareholders of the Company or any of their respective close 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 2020 attributable to the Group's major suppliers is as follows:

	Percentage of purchases
The largest supplier	10.5%
Five largest suppliers combined	44.2%

The percentage of sales for the year ended 31 December 2020 attributable to the Group's major customers is as follows:

	Percentage of sales
The largest customer	13.6%
Five largest customers combined	32.6%

None of the Directors, their close associates or any shareholder of the Company (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.

MANAGEMENT CONTRACTS

Save as disclosed herein, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

RELATED PARTY TRANSACTIONS

Related party transactions during the Year are disclosed in note 35 to the consolidated financial statements.

DISCLOSURE OF INFORMATION ON DIRECTOR

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

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

EVENT AFTER THE REPORTING PERIOD

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

ANNUAL GENERAL MEETING

The AGM will be held on 11 June 2021 (the "2021 AGM") and the notice thereof will be published and despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

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

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

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended 31 December 2020.

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 27 to 39 of this annual report for details of its compliance with the CG Code.

AUDITOR

A resolution to re-appoint SHINEWING (HK) CPA Limited as auditor of the Company will be proposed at the 2021 AGM.

On behalf of the Board

Lu Xing
Chairman

Hong Kong, 26 March 2021

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

TO THE MEMBERS OF CHINA CHUANGLIAN EDUCATION FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Chuanglian Education Financial Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 100 to 196, which comprise the consolidated statement of financial position as at 31 December 2020, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVENUE RECOGNITION OF ONLINE TRAINING SERVICES

Refer to note 7 to the consolidated financial statements and the accounting policies on pages 113 to 115.

The key audit matter	How the matter was addressed in our audit
Revenue from online training services is recognised over time based on output method, which is to determine progress towards complete satisfaction of the performance obligation of the training services. The Group maintains information systems to record the number of accounts activated during the training period, including commencement date of service which is the activation date of the customer and the closing date of the courses. We have identified revenue recognition of online training services as a key audit matter because revenue is one of the key performance indicators of the Group. Also, revenue of online training services involves complicated information systems and with high volume of transactions. All of which give rise to an inherent risk that revenue could be recorded in the incorrect period or could be subject to manipulation.	Our audit procedures were designed to challenge the accuracy of the amounts recognised as revenue. These procedures included testing controls over the Group's information systems used to capture and maintain the training record and relevant data for revenue recognition of online training services and performing substantive test on the Group's online training and education services revenue. We had engaged IT audit expert to test the Group's information systems and checked the arithmetical accuracy of the computation of stage of completion based on the information generated from the information systems.

IMPAIRMENT ASSESSMENT OF INTANGIBLE ASSETS AND GOODWILL

Refer to notes 19 and 20 to the consolidated financial statements and the accounting policies on pages 112, 120 to 121 and 131 to 132.

The key audit matter

The Group has intangible assets of approximately RMB52,488,000 and goodwill of approximately RMB38,290,000 as at 31 December 2020.

The assessment of impairment of intangible assets and goodwill involves judgement and estimates concerning the forecast future cash flows associated with the intangible assets and goodwill, the discount rates and the growth rate of revenue and costs to be applied in determining the recoverable amount. The adoption of key assumptions and input data may be subject to management bias and changes in these assumptions may result in significant financial impact.

The extent of judgement involved in impairment assessment and the size of the intangible assets and goodwill resulted in this matter being identified as a key audit matter.

How the matter was addressed in our audit

In order to address this matter in our audit, we obtained impairment assessment prepared by the management or their valuation specialist and challenged the reasonableness of the adoption of key assumptions and input data. In particular, we tested the cash flow forecast on whether it is agreed to the budget approved by the directors of the Company and compared the budget with actual results. We also challenged the appropriateness of the assumptions, including the sales growth rates and gross margin, against latest market expectations and the discount rate employed in the calculation of value in use.

As any changes in these assumptions and input to valuation model may result in significant financial impact, we tested management's sensitivity analysis in relation to the key inputs to the impairment assessment which included changes in sales growth rate, gross margin and discount rate employed.

VALUATION OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Refer to note 21 to the consolidated financial statements and the accounting policies on pages 124 and 133.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2020, included in the financial assets at fair value through other comprehensive income are unlisted equity investments of approximately RMB53,400,000. Independent valuer was engaged by the management for the fair value measurement of the unlisted equity investments as at 31 December 2020. We have identified the valuation of the unlisted equity investments as a key audit matter since significant judgement and estimation, including selection of valuation technique and use of significant unobservable inputs, have been used in the fair value measurement by the management and the independent valuer at the end of the reporting period.	Our procedures were designed to challenge the reasonableness of judgements and estimates, including selection of valuation technique and use of significant unobservable inputs adopted in the fair value estimations by the management and the independent valuer. We have also reviewed the methodology and the input data used with reference to the latest available market data.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lau Kai Wong.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623

Hong Kong
26 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 RMB'000	2019 RMB'000
Revenue	7	**183,025**	164,940
Cost of services		**(80,318)**	(63,784)
Gross profit		**102,707**	101,156
Other income, net gains and losses	9	**3,487**	1,240
Selling and marketing expenses		**(23,354)**	(26,505)
Administrative expenses		**(72,278)**	(67,784)
Impairment losses on financial assets	23, 24	**(2,280)**	–
Impairment loss on goodwill	20	**–**	(12,027)
Finance costs	10	**(6,173)**	(5,713)
Profit (loss) before tax		**2,109**	(9,633)
Income tax expense	11	**(5,059)**	(10,007)
Loss for the year	12	**(2,950)**	(19,640)
Other comprehensive income (expense)			
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		**9,500**	(9,600)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(317)**	361
Other comprehensive income (expense) for the year		**9,183**	(9,239)
Total comprehensive income (expense) for the year		**6,233**	(28,879)

	NOTE	2020 RMB'000	2019 RMB'000
(Loss) profit for the year attributable to:			
Owners of the Company		**(2,059)**	(20,199)
Non-controlling interests		**(891)**	559
		(2,950)	(19,640)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**7,124**	(29,438)
Non-controlling interests		**(891)**	559
		6,233	(28,879)
Loss per share	16		
Basic and diluted (RMB cent)		**(0.03)**	(0.37)

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	NOTES	2020 RMB'000	2019 RMB'000
Non-current assets			
Plant and equipment	17	**58,084**	63,294
Right-of-use assets	18	**94,476**	108,317
Intangible assets	19	**52,488**	53,941
Goodwill	20	**38,290**	38,290
Financial assets at fair value through other comprehensive income	21	**24,400**	41,500
Financial asset at fair value through profit or loss	21	**1,585**	3,479
Interest in an associate	22	**2,000**	–
Loan receivables	23	**–**	5,000
Other receivables	24	**3,096**	–
Term deposit	25	**–**	5,000
		274,419	318,821
Current assets			
Trade and other receivables	24	**22,464**	15,936
Loan receivables	23	**–**	4,330
Financial asset at fair value through other comprehensive income	21	**29,000**	–
Term deposit	25	**5,000**	–
Bank balances and cash	25	**115,805**	103,628
		172,269	123,894
Current liabilities			
Contract liabilities	26	**10,490**	10,752
Trade and other payables	27	**37,552**	24,974
Amount due to a shareholder	28	**57**	57
Bank borrowing	29	**3,000**	–
Lease liabilities	18	**14,511**	10,806
Income tax payable		**11,987**	15,692
		77,597	62,281
Net current assets		**94,672**	61,613
Total assets less current liabilities		**369,091**	380,434

	NOTES	2020 RMB'000	2019 RMB'000
Capital and reserves			
Share capital	30	**50,135**	50,135
Reserves		**206,574**	206,153
Equity attributable to owners of the Company		**256,709**	256,288
Non-controlling interests		**6,370**	4,212
Total equity		**263,079**	260,500
Non-current liabilities			
Deferred tax liability	31	**9,851**	10,978
Lease liabilities	18	**96,161**	108,956
		106,012	119,934
		369,091	380,434

The consolidated financial statements on pages 100 to 196 were approved and authorised for issue by the board of directors on 26 March 2021 and are signed on its behalf by:

Lu Xing
Director

Hu Dingdong
Director

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (note a)	Translation 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)	Investment revaluation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019	41,385	1,131,484	15,536	6,615	595	90,578	1,927	140,477	(13,900)	(1,164,449)	250,248	2,918	253,166
(Loss) profit for the year	–	–	–	–	–	–	–	–	–	(20,199)	(20,199)	559	(19,640)
Other comprehensive income (expense) for the year													
– Change in fair value of equity investments at fair value through other comprehensive income, net of income tax	–	–	–	–	–	–	–	–	(9,600)	–	(9,600)	–	(9,600)
– Exchange differences arising on translating foreign operations	–	–	–	361	–	–	–	–	–	–	361	–	361
Total comprehensive income (expense) for the year	–	–	–	361	–	–	–	–	(9,600)	(20,199)	(29,438)	559	(28,879)
Issue of shares (note 30)	8,750	26,075	–	–	–	–	–	–	–	–	34,825	–	34,825
Recognition of equity-settled share-based payment expenses (note 32)	–	–	–	–	–	653	–	–	–	–	653	–	653
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	735	735
At 31 December 2019	50,135	1,157,559	15,536	6,976	595	91,231	1,927	140,477	(23,500)	(1,184,648)	256,288	4,212	260,500

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (note a)	Translation 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)	Investment revaluation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020	50,135	1,157,559	15,536	6,976	595	91,231	1,927	140,477	(23,500)	(1,184,648)	256,288	4,212	260,500
Loss for the year	-	-	-	-	-	-	-	-	-	(2,059)	(2,059)	(891)	(2,950)
Other comprehensive (expense) income for the year													
– Change in fair value of equity investments at fair value through other comprehensive income, net of income tax	-	-	-	-	-	-	-	-	9,500	-	9,500	-	9,500
– Exchange differences arising on translating foreign operations	-	-	-	(317)	-	-	-	-	-	-	(317)	-	(317)
Total comprehensive (expense) income for the year	-	-	-	(317)	-	-	-	-	9,500	(2,059)	7,124	(891)	6,233
Recognition of equity-settled share-based payment expenses (note 32)	-	-	-	-	-	136	-	-	-	-	136	-	136
Acquisition of additional interest in a subsidiary (note 37)	-	-	-	-	-	-	-	(6,839)	-	-	(6,839)	4,737	(2,102)
Disposal of a subsidiary (note 34)	-	-	-	-	-	-	-	-	-	-	-	(1,688)	(1,688)
At 31 December 2020	50,135	1,157,559	15,536	6,659	595	91,367	1,927	133,638	(14,000)	(1,186,707)	256,709	6,370	263,079

Notes:

(a) Special reserve represents the difference between the nominal value of the ordinary share issued by the Company and a former subsidiary and the aggregate of share capital and share premium or net assets of the subsidiaries acquired by the Company and the former subsidiary 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 (note 32(b)).

(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; and (ii) the difference between the fair value and the conversion price of convertible preference shares issued attributable to the acquisition of a subsidiary in prior years.

	NOTE	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES			
Profit (loss) before tax		**2,109**	(9,633)
Adjustments for:			
Finance costs		**6,173**	5,713
Interest income		**(1,083)**	(750)
Amortisation of intangible assets		**7,456**	7,399
Depreciation of plant and equipment		**11,206**	8,665
Depreciation of right-of-use assets		**14,169**	11,456
Fair value loss on financial asset at fair value through profit or loss		**1,687**	–
Impairment losses on financial assets		**2,280**	–
Impairment loss on goodwill		**–**	12,027
Share-based payment expenses		**136**	653
Loss on disposal of a subsidiary	34	**958**	–
Gain on disposal of plant and equipment		**–**	(2)
Write-off of plant and equipment		**219**	4,302
Operating cash flows before movements in working capital		**45,310**	39,830
Increase in trade and other receivables		**(11,698)**	(1,690)
Decrease in contract liabilities		**(262)**	(4,566)
Increase in trade and other payables		**13,103**	5,895
Cash generated from operations		**46,453**	39,469
Tax paid		**(8,105)**	(957)
NET CASH FROM OPERATING ACTIVITIES		**38,348**	38,512

	NOTES	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES			
Purchase of plant and equipment		**(6,963)**	(34,998)
Purchase of intangible assets		**(6,041)**	(1,488)
Payment for right-of-use assets		**–**	(210)
Repayments from independent third parties		**8,980**	3,760
Advances to independent third parties		**–**	(5,350)
Repayment from a shareholder		**6,221**	–
Advance to a shareholder		**(6,221)**	–
Placement of term deposit		**–**	(5,000)
Net cash outflow on disposal of a subsidiary	34	**(4,024)**	–
Purchase of financial assets at fair value through other comprehensive income		**(2,400)**	–
Acquisition of interest in an associate		**(2,000)**	–
Interest received		**1,083**	798
Proceeds on disposal of plant and equipment		**–**	11
NET CASH USED IN INVESTING ACTIVITIES		**(11,365)**	(42,477)
FINANCING ACTIVITIES			
Bank borrowing raised		**3,000**	–
Interest paid		**(64)**	–
Acquisition of additional interest in a subsidiary	37	**(2,102)**	–
Repayment of interest element of lease liabilities		**(6,109)**	(3,024)
Repayment of principal element of lease liabilities		**(9,412)**	(5,380)
Proceeds from issue of shares		**–**	34,825
Repayment to a director		**–**	(12,307)
Advance from a director		**–**	7,477
Capital contribution from non-controlling shareholders		**–**	735
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(14,687)**	22,326
NET INCREASE IN CASH AND CASH EQUIVALENTS		**12,296**	18,361
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**103,628**	85,088
Effect of foreign exchange rate changes		**(119)**	179
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash		**115,805**	103,628

1. GENERAL

China Chuanglian Education Financial Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company is principally engaged in investment holding and securities trading. The principal activities of its principal subsidiaries are set out in note 39.

Other than those major operating subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the remaining subsidiaries is Hong Kong dollars ("HK$").

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

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

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("HKFRSs") and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 January 2020:

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

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

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and related Amendments[5]
Amendments to HKFRS 3	Reference to Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020)
	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[5]
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle[3]

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

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

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

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

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

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

3. 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.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, 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 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Group has: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through a contractual arrangement with other vote holders.

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 stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income of subsidiaries 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.

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost and (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group.

Business combinations

Businesses combinations are accounted for by applying 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 incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with HKAS 12 Income Taxes.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group'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.

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 are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Goodwill

Goodwill arising from a business combination 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 (or groups of cash-generating units) 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 (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 of those policies.

The Group's investment in an associate is accounted for in the consolidated financial statements using the equity method. Under the equity method, investment in an associate is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associate is recognised in profit or loss and other comprehensive income respectively after the date of acquisition.

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.

Revenue recognition

Revenue is recognised 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. Specifically, the Group uses a 5-step approach to revenue recognition:

- 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 entity 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 obligation is transferred to customers.

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 same.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

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' 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.

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes sales related taxes.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

The Group recognised revenue from the following major sources:

- Online training services
- Consultancy services
- On-site training services
- Certification services
- Financial services

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Contract liabilities *(Continued)*

Online training services and consultancy services

The Group's online training services and consultancy services are mainly carried out in the PRC. The Group earns revenue from online training services by providing pre-recorded online course services to customers during the service period for a fixed fee, during which customers can access the pre-recorded online courses at any time. The service period is determined from the date of the activation till the due date of the course as specified in course order. Revenue from online training services and consultancy services is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to determine progress towards complete satisfaction of the performance obligation of the pre-recorded online courses and revenue is recognised on a straight-line basis during the service period.

On-site training and certification services

The Group provides on-site training and certification services to institutional customers in the PRC and recognises revenue at a point in time upon completion of services.

Financial services

Revenue from insurance brokerage services is recognised at the point when the relevant insurance policy becomes effective in accordance with the commission terms of the underlying agreements entered into with insurance policy issuers.

Leasing

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

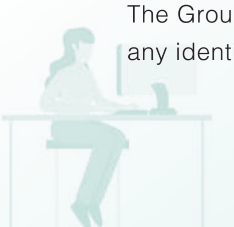
Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.



3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 subsequent 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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).

On the disposal of a foreign operation (i.e. a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

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 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 (loss) 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 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 bases 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 deferred tax 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, 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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.

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. 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.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

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. Intangible asset with indefinite useful life is carried at cost less any subsequent accumulated impairment losses.

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, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial asset at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the 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.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at amortised cost (debt instruments) *(Continued)*

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other income, net gains and losses" line item (note 9).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to accumulated losses.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically, debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, net gains and losses" line item. Fair value is determined in the manner described in note 6 (c).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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 the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 12 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

Derecognition of financial assets

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 party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity instruments

Classification as debt or equity

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 an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the 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 amortised cost of a financial liability.

Derecognition of financial liabilities

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Provisions

Provisions are 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.

Provisions are measured at 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).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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 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 non-employees

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the counterparties render services, unless the services qualify for recognition as assets.

Impairment losses on plant and equipment, right-of-use assets 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 plant and equipment, right-of-use assets 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 unit, 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 plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) *(Continued)*

Intangible asset with indefinite useful life is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the 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 the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions and value-in-use of plant and equipment, right-of-use assets and intangible assets other than goodwill for the purpose of impairment assessment, 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

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.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENTS 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 judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. 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 judgements in applying accounting policies

The followings are the critical judgements, 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 and disclosures made in the consolidated financial statements.

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 subsidiaries including 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 Chuanglian 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 Chuanglian 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 Chuanglian Education Group.

* *For identification purposes only*

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

Critical judgements in applying accounting policies *(Continued)*

Judgements in determining the timing of satisfaction of performance obligations

The recognition of each of the Group's revenue streams requires judgement by the directors of the Company in determining the timing of satisfaction of performance obligations.

In making their judgement, the directors of the Company considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the detailed terms of transaction as stipulated in the contracts entered into with its customers.

For online training services and consultancy services, the directors of the Company have determined that the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Therefore, the directors of the Company are satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

Determination of the lease term

In determining the lease term, management evaluates the likelihood of exercising the renewal option/termination option by considering all facts and circumstances that create economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Management has considered the relevant factors including (i) any significant penalties to terminate (or not extend) (ii) any leasehold improvements expected to have a significant remaining value and (iii) historical lease durations and the costs and business disruption required to replace the leased asset.

Any changes in the lease term will affect the amount of lease liabilities and right-of-use assets to be recognised in future years.

Key sources of estimation uncertainty

The followings 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 resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

Key sources of estimation uncertainty *(Continued)*

Estimation of useful life of insurance brokerage licence

The insurance brokerage licence has a legal life of 3 years but is renewable every 3 years at minimal cost. The directors of the Company are of the opinion that the Group will renew the licence continuously and has the ability to do so. The licence is thus considered by the management of the Group to have an indefinite life because it is expected to contribute to net cash inflows and will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that they may be impaired. As at 31 December 2020, the carrying value of the insurance brokerage licence is RMB10,000,000 (2019: RMB10,000,000).

Depreciation of plant and equipment and right-of-use assets and amortisation of intangible assets

Plant and equipment, other than construction in progress, and right-of-use assets are depreciated on a straight-line basis over their estimated useful lives or lease term, and if applicable, taking into account their estimated residual values, while intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives, lease term and residual values involve management's estimation. The Group assesses the useful lives, lease term and residual values of plant and equipment, right-of-use assets and intangible assets with finite useful lives at the end of each reporting period. 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.

Estimated impairment of plant and equipment, right-of-use assets and intangible assets

Plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. 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 assets belongs.

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

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

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of plant and equipment, right-of-use assets and intangible assets *(Continued)*

As at 31 December 2020, the carrying amounts of plant and equipment, right-of-use assets and intangible assets were approximately RMB58,084,000, RMB94,476,000 and RMB52,488,000 (2019: RMB63,294,000, RMB108,317,000 and RMB53,941,000) respectively. Details of the impairment of plant and equipment, right-of-use assets, and intangible assets are disclosed in notes 17, 18 and 19 respectively.

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 an appropriate discount rate in order to calculate the present value. The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2020, the carrying value of goodwill was approximately RMB38,290,000 (2019: RMB38,290,000), net of accumulated impairment loss of approximately RMB343,501,000 (2019: RMB343,501,000). Details of the assumption used are disclosed in note 20.

Impairment loss on trade receivables

The impairment for trade receivables is based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical credit loss experience and forward-looking information at the end of the reporting period. Due to the unprecedented nature of the COVID-19 pandemic, its effect on the Group's customers and their ability to meet their financial obligations to the Group is difficult to predict. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. At 31 December 2020, the carrying value of trade receivables is approximately RMB5,083,000 (2019: RMB2,992,000).

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

Key sources of estimation uncertainty *(Continued)*

Fair value measurement and valuation process of financial assets at FVTOCI

In estimating the fair value of the investments in unlisted equity securities classified as financial assets at FVTOCI, the directors of the Company and independent professional valuer use their judgements in selecting an appropriate valuation technique and unobservable inputs for unlisted equity investments. At 31 December 2020, the fair value of financial assets at FVTOCI is approximately RMB53,400,000 (2019: RMB41,500,000). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of these investments.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital 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 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.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Financial assets at amortised cost	**139,940**	127,205
Financial assets at FVTOCI	**53,400**	41,500
Financial asset at FVTPL	**1,585**	3,479
Financial liabilities		
Financial liabilities at amortised cost	**34,353**	22,987

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTOCI, financial asset at FVTPL, loan receivables, term deposit, trade and other receivables, bank balances and cash, trade and other payables, amount due to a shareholder and bank borrowing. 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 2020 and 2019, no transaction was denominated in currencies other than the respective functional currencies of the relevant group entities, i.e. RMB or HK$, except for certain financial asset at FVTPL and certain bank balances 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 foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Assets	
	2020	2019
	RMB'000	RMB'000
United States Dollar ("USD")	**1,630**	3,527

Sensitivity analysis

The Group is mainly exposed to USD. No sensitivity analysis is presented for the exposure to USD as HK$ is pegged to USD while HK$ is the functional currency of the group entity holding the foreign currency denominated assets.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables (note 23), term deposit (note 25) and bank borrowing (note 29).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate loan receivables (note 23) and bank balances (note 25) carried at prevailing market rates.

The Group's cash flow interest rate is mainly concentrated on the fluctuation of RMB benchmark interest rate and RMB base deposit rate arising from the Group's loan receivables and RMB denominated bank balances.

The risk in response to interest rate is insignificant and therefore sensitivity analysis on interest rate risk is not presented.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk

As at 31 December 2020, 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.

The credit risk of our Group mainly arises from other receivables, loan receivables, term deposit and bank balances. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

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.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

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% (2019: 100%) of the total trade receivables as at 31 December 2020.

The Group has concentration of credit risk as 24% (2019: 15%) and 39% (2019: 45%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively and they are within educational consultancy and online training and education segment.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL.

		2020			2019		
	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables	Lifetime ECL (simplified approach)	7,895	(2,812)	5,083	5,409	(2,417)	2,992
Other receivables	12-month ECL	15,543	(1,491)	14,052	6,352	(97)	6,255
Loan receivables	12-month ECL	350	(350)	–	9,330	–	9,330
Term deposit	12-month ECL	5,000	–	5,000	5,000	–	5,000
Bank balances	12-month ECL	115,586	–	115,586	103,314	–	103,314
		144,374	(4,653)	139,721	129,405	(2,514)	126,891

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. 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 if necessary, subject to approval by the directors of the Company when the borrowings exceed certain predetermined levels of authority.

At 31 December 2020 and 2019, the Group's contractual maturity for its financial liabilities (excepted lease liabilities) is within one year from the end of the reporting period. The aggregate undiscounted cash flows for bank borrowing amounted to approximately RMB3,061,000 as at 31 December 2020.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its lease liabilities.

	On demand or less than 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2020							
Lease liabilities	**20,000**	**17,696**	**33,148**	**51,742**	**23,165**	**145,751**	**110,672**
At 31 December 2019							
Lease liabilities	16,892	18,376	39,962	53,550	32,127	160,907	119,762

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

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Levels 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	2020	2019
	Level 3	Level 3
	RMB'000	RMB'000
Financial asset at FVTPL		
Unlisted fund investment	**1,585**	3,479
Financial assets at FVTOCI		
Unlisted equity investments	**53,400**	41,500

6. FINANCIAL INSTRUMENTS *(Continued)*

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

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

	Unlisted fund investment RMB'000	**Unlisted equity investments** RMB'000
As at 1 January 2019	3,415	51,100
Change in fair value recognised in other comprehensive income	–	(9,600)
Exchange realignment	64	–
As at 31 December 2019 and 1 January 2020	3,479	41,500
Purchase	–	2,400
Change in fair value recognised in profit or loss	(1,687)	–
Change in fair value recognised in other comprehensive income	–	9,500
Exchange realignment	(207)	–
As at 31 December 2020	1,585	53,400

There were no transfers into or out of Level 3 of fair value hierarchy during the year.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

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 the financial instrument on a recurring basis are set out below:

Financial Instruments	Fair value hierarchy	Fair value as at 2020 RMB'000	Fair value as at 2019 RMB'000	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Unlisted fund investment	Level 3	**1,585**	3,479	Fair value of underlying assets in the fund	Underlying assets in the fund	N/A	The higher the value of the underlying assets, the higher the fair value
Unlisted equity investments	Level 3	**51,000**	41,500	Market approach by applying market multiples from comparable companies and adjusted by marketability discount	Multiples of comparable companies; Marketability discount	1.64 to 10.04 (2019:1.73 to 8.05) 25% (2019:25%)	The higher the multiples/the lower the marketability discount, the higher the fair value
Unlisted equity investments	Level 3	**2,400**	N/A	Asset-based approach adjusted by marketability discount	Marketability discount	25% (2019: N/A)	The lower the marketability discount, the higher the fair value

For the unlisted equity investments, if the multiples of comparable companies to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount would increase/decrease by RMB3,000,000 (2019: RMB2,144,000). If the marketability discount to the valuation model was 5% higher/lower while all the other variables were held constant, the carrying amount would decrease/increase by RMB1,024,000 (2019: RMB627,000).

Except 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 consolidated financial statements approximate their fair values.

7. REVENUE

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

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

Disaggregation of revenue from contracts with customers by timing of recognition

	2020 RMB'000	2019 RMB'000
Timing of revenue recognition		
At a point of time	**36,965**	23,206
Over time	**146,060**	141,734
Total revenue from contracts with customers	**183,025**	164,940

Transaction price allocated to the remaining performance obligations

The educational consultancy and online training service contracts are with an original expected duration of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

8. SEGMENT INFORMATION

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

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

1. Securities trading – trading of financial asset 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, certification services and on-site training services; and

3. Financial services – provision of insurance brokerage services and investments advisory services.

Segment revenue and results

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

For the year ended 31 December 2020

	Securities trading RMB'000	Educational consultancy and online training and education RMB'000	Financial services RMB'000	Total RMB'000
REVENUE				
External sales	–	174.829	8,196	183,025
Segment profit (loss)	–	28,326	(5,448)	22,878
Unallocated other income, net gains and losses				(1,208)
Unallocated corporate expenses				(19,561)
Profit before tax				2,109

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 December 2019

	Securities trading RMB'000	Educational consultancy and online training and education RMB'000	Financial services RMB'000	Total RMB'000
REVENUE				
External sales	–	160,073	4,867	164,940
Segment profit (loss)	–	24,941	(19,346)	5,595
Unallocated other income, net gains or losses				786
Unallocated corporate expenses				(16,014)
Loss before tax				(9,633)

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, certain other income, depreciation of certain plant and equipment and right-of-use assets and certain finance costs. This is the measure reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

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:

	2020 RMB'000	2019 RMB'000
Segment assets		
Securities trading	–	–
Educational consultancy and online training and education	244,103	272,687
Financial services	15,426	10,209
Total segment assets	259,529	282,896
Unallocated corporate assets	187,159	159,819
Consolidated assets	446,688	442,715
Segment liabilities		
Securities trading	–	–
Educational consultancy and online training and education	145,005	146,412
Financial services	2,701	1,375
Total segment liabilities	147,706	147,787
Unallocated corporate liabilities	35,903	34,428
Consolidated liabilities	183,609	182,215

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

- all assets are allocated to operating segments other than certain plant and equipment, certain right-of-use assets, certain intangible assets, financial asset at FVTPL, financial assets at FVTOCI, interest in an associate, term deposit, bank balances and cash and certain other receivables; and

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

8. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2020

	Securities trading RMB'000	Educational consultancy and online training and education RMB'000	Financial services 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)	–	13,296	283	2,007	15,586
Impairment loss on financial assets	–	2,280	–	–	2,280
Depreciation and amortisation	–	29,723	495	2,613	32,831
Write-off of plant and equipment	–	219	–	–	219
Finance costs	–	5,953	8	212	6,173
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	–	–	–	(1,083)	(1,083)
Share-based payment expenses	–	–	–	136	136
Income tax expense	–	4,659	–	400	5,059

8. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2019

	Securities trading RMB'000	Educational consultancy and online training and education RMB'000	Financial services 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)	–	54,970	12	8,205	63,187
Gain on disposal of plant and equipment	–	(2)	–	–	(2)
Depreciation and amortisation	–	26,260	328	932	27,520
Impairment loss on goodwill	–	–	12,027	–	12,027
Write-off of plant and equipment	–	4,302	–	–	4,302
Finance costs	–	5,633	–	80	5,713
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	–	–	–	(750)	(750)
Share-based payment expenses	–	–	–	653	653
Income tax expense	–	10,007	–	–	10,007

Note: Non-current assets excluded financial instruments.

8. SEGMENT INFORMATION *(Continued)*

Geographical information

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

All of the Group's revenue is arising 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	
	2020	2019
	RMB'000	RMB'000
PRC	**239,021**	254,519
Hong Kong	**6,317**	9,323
	245,338	263,842

Note: Non-current assets excluded financial instruments.

Information about major customers

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

	2020	2019
	RMB'000	RMB'000
Customer A[1]	**24,848**	23,197

[1] Revenue from educational consultancy and online training and education segment.

9. OTHER INCOME, NET GAINS AND LOSSES

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

Notes:

(a) During the year ended 31 December 2020, the PRC Government has occupied part of the occupied for the building of the Group, for the epidemic prevention and paid compensation of approximately RMB2,156,000.

(b) During the year ended 31 December 2020, the Group recognised government grants of approximately RMB1,020,000 in respect of COVID-19-related subsidies which related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund.

10. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest expense on lease liabilities	6,109	5,713
Interest expense on bank borrowing	64	–
	6,173	5,713

11. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
PRC Enterprise Income Tax		
– current year	5,786	11,008
PRC withholding tax	400	–
Deferred tax (note 31)	(1,127)	(1,001)
	5,059	10,007

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. During the year ended 31 December 2020, two (2019: two) of the PRC subsidiaries of the Group were recognised as high new technology enterprises and entitled to a preferential tax rate of 15%.

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

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2020 and 2019 as the Group did not have any assessable profit subject to Hong Kong Profits Tax for both years.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

11. INCOME TAX EXPENSE *(Continued)*

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

	2020 RMB'000	2019 RMB'000
Profit (loss) before tax	2,109	(9,633)
Tax at the applicable income tax rate at 25% (2019: 25%)	527	(2,408)
Tax effect of expenses not deductible for tax purpose	6,356	7,474
Tax effect of income not taxable for tax purpose	(188)	(530)
Tax effect of tax losses not recognised	5,440	8,343
Utilisation of tax losses previously not recognised	(3,380)	(48)
Additional deduction for research and development expenses	(754)	(576)
Tax effect of tax concession period	(5,224)	(3,810)
PRC withholding tax	400	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,882	1,562
Income tax expense for the year	5,059	10,007

Details of deferred tax are set out in note 31.

12. LOSS FOR THE YEAR

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

	2020 RMB'000	2019 RMB'000
Directors' and chief executive's emoluments (note 13)	3,124	3,091
Other staff costs (excluding directors' and chief executive's emoluments)	35,431	51,129
Share-based payment expenses (excluding directors' and chief executive's emoluments)	120	482
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	2,925	3,253
Total staff costs	41,600	57,955
Auditor's remuneration	1,200	1,279
Share-based payment expenses granted to consultants (note)	–	74
Depreciation of plant and equipment	11,206	8,665
Depreciation of right-of-use assets	14,169	11,456
Amortisation of intangible assets (included in cost of services)	7,456	7,399
Research and development expenses	15,779	15,364
Gain on disposal of plant and equipment	–	(2)
Loss on disposal of a subsidiary	958	–
Write-off of plant and equipment	219	4,302

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

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2019: ten) directors were as follows:

Year ended 31 December 2020

	Executive directors					Independent non-executive directors			Total
	Lu Xing RMB'000	Li Jia RMB'000	Wu Xiao Dong RMB'000 (note a)	Xu Dayong RMB'000	Hu Dingdong RMB'000	Leung Siu Kee RMB'000	Wang Shu Ping RMB'000	Wu Yalin RMB'000	RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings									
– Fees	320	533	226	–	1,066	107	107	107	2,466
– Salaries and other benefits	53	71	7	387	–	9	9	9	545
– Retirement benefits scheme contributions	23	26	9	23	16	–	–	–	97
– Share-based payment expenses	–	–	6	4	–	–	2	4	16
	396	630	248	414	1,082	116	118	120	3,124

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

Year ended 31 December 2019

	Executive directors							Independent non-executive directors			Total
	Lu Xing	Li Jia	Wu Xiao Dong	Xu Dayong	Hu Dingdong	Li Dong Fu	Wang Cheng	Leung Siu Kee	Wang Shu Ping	Wu Yalin	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(note b)	(note c)	(note d)	(note e)				
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings											
– Fees	318	529	318	–	263	78	318	106	106	106	2,142
– Salaries and other benefits	52	90	52	447	22	–	–	9	9	9	690
– Retirement benefits scheme contributions	35	37	35	30	5	4	16	–	–	–	162
– Share-based payment expenses	–	–	39	–	–	–	39	–	6	13	97
	405	656	444	477	290	82	373	115	121	128	3,091

Notes:

(a) Mr. Wu Xiaodong resigned as executive director on 24 March 2020.

(b) Mr. Xu Dayong was appointed as executive director on 8 January 2019.

(c) Mr. Hu Dingdong was appointed as executive director on 4 November 2019.

(d) Mr. Li Dong Fu resigned as executive director on 29 March 2019.

(e) Mr. Wang Cheng resigned as executive director on 31 December 2019.

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group during the years ended 31 December 2020 and 2019. No emoluments were paid or payable by the Group to any directors of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office for the years ended 31 December 2020 and 2019.

Mr. Hu Dingdong ("Mr. Hu") had been appointed as chief executive with effect from 2 October 2019 while Mr. Lu Xing ("Mr. Lu") performed the duties of chief executive before the appointment of Mr. Hu for the year ended 31 December 2019. The emolument of Mr. Hu and Mr. Lu disclosed above included those services rendered by them.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2019: two) were directors of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining three (2019: three) individuals were as follows:

	2020	2019
	RMB'000	RMB'000
Salaries and other benefits	**2,010**	3,301
Performance related incentive payments	**80**	185
Retirement benefits scheme contributions	**43**	40
	2,133	3,526

Their emoluments were within the following bands:

	Number of employees	
	2020	2019
Nil to HK$1,000,000 (equivalent to approximately RMB888,740 (2019: RMB882,000))	**3**	1
HK$1,000,001 (equivalent to approximately RMB888,741 (2019: RMB882,001)) to HK$1,500,000 (equivalent to approximately RMB1,333,110 (2019: RMB1,323,000))	**–**	1
HK$1,500,001 (equivalent to approximately RMB1,333,111 (2019: RMB1,323,001)) to HK$2,000,000 (equivalent to approximately RMB1,777,000 (2019: RMB1,764,000))	**–**	1

No emoluments were paid or payable by the Group to the five highest paid individuals including the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2020 and 2019.

15. DIVIDEND

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

16. LOSS PER SHARE

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

Loss

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

Number of shares

	2020 '000	2019 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	5,962,211	5,390,493

The computation of diluted loss per share for the year ended 31 December 2020 and 2019 did not assume the exercise of the Company's share options because the exercise prices of those share options were higher than the average market price for shares.

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 2019	43,994	4,659	9,030	5,602	8,539	71,824
Exchange realignment	42	3	4	39	–	88
Additions	–	4,139	1,300	1,544	29,346	36,329
Transfer from construction in progress	37,385	–	–	–	(37,385)	–
Disposals	–	(43)	–	–	–	(43)
Write-off	(11,307)	(49)	(975)	(336)	–	(12,667)
At 31 December 2019 and 1 January 2020	70,114	8,709	9,359	6,849	500	95,531
Exchange realignment	(134)	(12)	(18)	(137)	–	(301)
Additions	1,871	147	783	4,162	–	6,963
Transfer from construction in progress	500	–	–	–	(500)	–
Write-off	–	(2,419)	–	(451)	–	(2,870)
Disposal of a subsidiary	–	–	–	(766)	–	(766)
At 31 December 2020	72,351	6,425	10,124	9,657	–	98,557
DEPRECIATION AND IMPAIRMENT						
At 1 January 2019	19,841	3,188	6,403	2,453	–	31,885
Exchange realignment	42	3	10	31	–	86
Charge for the year	6,023	800	1,133	709	–	8,665
Eliminated on disposals	–	(34)	–	–	–	(34)
Eliminated on write-off	(7,117)	(38)	(874)	(336)	–	(8,365)
At 31 December 2019 and 1 January 2020	18,789	3,919	6,672	2,857	–	32,237
Exchange realignment	(134)	(11)	(15)	(58)	–	(218)
Charge for the year	8,053	1,001	1,092	1,060	–	11,206
Eliminated on write-off	–	(2,298)	–	(353)	–	(2,651)
Disposal of a subsidiary	–	–	–	(101)	–	(101)
At 31 December 2020	26,708	2,611	7,749	3,405	–	40,473
CARRYING VALUES						
At 31 December 2020	45,643	3,814	2,375	6,252	–	58,084
At 31 December 2019	51,325	4,790	2,687	3,992	500	63,294

17. PLANT AND EQUIPMENT *(Continued)*

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

Leasehold improvements	Over the term of the leases
Furniture and fixtures	20% – 33%
Computers and equipment	20% – 33%
Motor vehicles	10% – 20%

18. LEASES

(i) Right-of-use assets

	2020 **RMB'000**	2019 RMB'000
Buildings	**94,476**	108,317

The Group has lease arrangements for buildings used as offices and training centres. The lease terms are generally ranged from 3 to 15 years.

Additions to the right-of-use assets for the year ended 31 December 2020 amounted to approximately RMB582,000 (2019: RMB25,370,000), due to new leases of properties.

(ii) Lease liabilities

	2020 **RMB'000**	2019 RMB'000
Non-current	**96,161**	108,956
Current	**14,511**	10,806
	110,672	119,762

18. LEASES *(Continued)*

(ii) Lease liabilities *(Continued)*

	2020 RMB'000	2019 RMB'000
Amounts payable under lease liabilities		
Within one year	**14,511**	10,806
After one year but within two years	**12,865**	12,902
After two years but within five years	**21,376**	26,927
After five years	**61,920**	69,127
	110,672	119,762
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(14,511)**	(10,806)
Amount due for settlement after 12 months	**96,161**	108,956

During the year ended 31 December 2020, the Group entered into a number of new lease agreements in respect of renting properties and recognised lease liabilities of approximately RMB582,000 (2019: RMB25,160,000).

(iii) Amount recognised in profit or loss

	2020 RMB'000	2019 RMB'000
Depreciation expense on right-of-use assets – buildings	**14,169**	11,456
Interest expense on lease liabilities	**6,109**	5,713
Expenses relating to short-term leases	**3,794**	6,140

(iv) Others

During the year ended 31 December 2020, the total cash outflow for leases amount to approximately RMB19,315,000 (2019: RMB14,646,000).

Restrictions or covenants on leases

As at 31 December 2020, lease liabilities of approximately RMB110,672,000 are recognised with related right-of-use assets of approximately RMB94,476,000 (2019: lease liabilities approximately RMB119,762,000 and related right-of-use assets approximately RMB108,317,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. INTANGIBLE ASSETS

	Software RMB'000 note (a)	Customer relationship RMB'000 note (b)	Insurance brokerage licence RMB'000 note (c)	Cross boundary vehicle licence RMB'000 note (d)	Total RMB'000
COST					
At 1 January 2019	25,604	108,281	10,000	1,256	145,141
Exchange realignment	–	–	–	24	24
Additions	1,488	–	–	–	1,488
At 31 December 2019 and 1 January 2020	27,092	108,281	10,000	1,280	146,653
Exchange realignment	–	–	–	(38)	(38)
Additions	6,041	–	–	–	6,041
At 31 December 2020	33,133	108,281	10,000	1,242	152,656
AMORTISATION AND IMPAIRMENT					
At 1 January 2019	14,949	70,364	–	–	85,313
Charge for the year	3,396	4,003	–	–	7,399
At 31 December 2019 and 1 January 2020	18,345	74,367	–	–	92,712
Charge for the year	2,948	4,508	–	–	7,456
At 31 December 2020	21,293	78,875	–	–	100,168
CARRYING VALUES					
At 31 December 2020	11,840	29,406	10,000	1,242	52,488
At 31 December 2019	8,747	33,914	10,000	1,280	53,941

19. INTANGIBLE ASSETS *(Continued)*

Notes:

(a) Software mainly represented online training and education platforms which aim at providing end-users an online learning environment and are amortised on a straight-line basis over 5 years.

(b) 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 the Group, Zhongren Guanghua, 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. The directors of the Company were in the view that the customer relationship had a remaining useful life of 11.6 years as at 1 January 2017 onwards with reference to turnover rate of the customers.

No impairment loss has been provided for the years ended 31 December 2020 and 2019.

(c) Insurance brokerage license represents the permission of operating insurance brokerage services in the PRC which was acquired through acquisition of the entire equity interests in Beijing Zhongjin Insurance Brokerage Limited ("Beijing Zhongjin") during the year ended 31 December 2017.

The insurance brokerage licence can be renewed after expiry, as long as Beijing Zhongjin is eligible for the requirement, and the cost of renewal of the licence is minimal. Therefore the insurance brokerage licence is considered to be an intangible asset with an indefinite useful life and no amortisation is provided.

As at 31 December 2020 and 2019, the management reviewed the recoverable amount of the insurance brokerage licence with reference to the valuation issued by an independent qualified professional valuer not connected to the Group. No impairment loss has been provided for the years ended 31 December 2020 and 2019.

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 5-year period and a pre-tax discount rate of 16% (2019: 17%). Cash flows beyond 5-year period are assumed constant with 3% (2019: 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. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted income and gross margin, such estimation is 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.

(d) Cross boundary vehicle licence is acquired through the acquisition of Sunday Technology Development Limited ("Sunday Technology") during the year ended 31 December 2018.

The useful life of the licence was assessed to be indefinite as it can be renewed after expiry each year at minimal cost and the completion of application form upon renewal. Therefore the licence was not amortised and was tested for impairment annually or when events or changes in circumstances indicate a potential impairment. It is reviewed annually to determine whether its useful life continues to be indefinite. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

As at 31 December 2020 and 2019, the management reviewed the recoverable amount of the cross boundary vehicle licence based on the fair value less cost to sell. No impairment loss is considered necessary for the years ended 31 December 2020 and 2019.

20. GOODWILL

	RMB'000
COST	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	381,791
IMPAIRMENT	
At 1 January 2019	331,474
Impairment loss recognised during the year	12,027
At 31 December 2019, 1 January 2020 and 31 December 2020	343,501
CARRYING VALUES	
At 31 December 2020	38,290
At 31 December 2019	38,290

The carrying values of goodwill as at 31 December 2020 and 2019 allocated to the units are as follows:

	2020 **RMB'000**	2019 RMB'000
Insurance brokerage – Beijing Zhongjin Insurance Brokerage Limited ("Beijing Zhongjin")	**–**	–
Insurance brokerage – Well Tunes Financial Group Limited ("Well Tunes")	**–**	–
Educational consultancy and online training and education – Housden Holdings Limited ("Housden Holdings")	**38,290**	38,290
Investments advisory – Premier Management Limited ("Premier")	**–**	–
	38,290	38,290

20. GOODWILL *(Continued)*

Beijing Zhongjin

Goodwill was arising on the acquisition of Beijing Zhongjin in 2017. During the year ended 31 December 2019, an impairment loss of approximately RMB4,350,000 was recognised and and the goodwill related to Beijing Zhongjin had been fully impaired as the actual results of Beijing Zhongjin did not meet the management's expectations. During the year ended 31 December 2019, the recoverable amount of Beijing Zhongjin had been determined based on a value-in-use calculation, which used cash flow projections based on financial budgets approved by management covering a 5-year period and a pre-tax discount rate of 17.0%. Cash flows beyond 5-year period were assumed constant with 3% growth rate. The growth rate was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period were also based on the budgeted insurance brokerage service income and expected gross margins during the budget period. Expected cash inflows/outflows, which included budgeted insurance brokerage service income and gross margin had been determined based on past performance and management's expectations for the market development. The carrying value of goodwill was nil as at 31 December 2020 and 2019.

Well Tunes

Goodwill was arising on the acquisition of Well Tunes in 2017 and was fully impaired in prior years.

Housden Holdings

Goodwill was arising on the acquisition of Housden Holdings in 2013. The recoverable amount of Housden Holdings has been determined based on a value-in-use calculation, which uses cash flow projections based on financial budgets approved by management covering a 4-year period and a pre-tax discount rate of 17.5% (2019: 25.0%). Cash flows beyond 4-year period are assumed constant with 3% (2019: 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.

During the year ended 31 December 2020, management of the Group determines that there is no impairment of goodwill of Housden Holdings (2019: nil).

20. GOODWILL *(Continued)*

Premier Management

Goodwill was arising on the acquisition of Premier Management in 2018. During the year ended 31 December 2019, an impairment loss of approximately RMB7,677,000 was recognised and the goodwill related to Premier Management had been fully impaired due to the change in external market indicators and business plan delay. During the year ended 31 December 2019, the recoverable amount of Premier Management had been determined based on a value-in-use calculation, which used cash flow projections based on financial budgets approved by management covering a 5-year period and a pre-tax discount rate of 14.5%. The growth rate was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period was also based on the budgeted investments advisory services income and expected gross margins during the budget period. Expected cash inflows/outflows, which included investments advisory service income and gross margin had been determined based on past performance and management's expectations for the market development. The carrying value of goodwill was nil as at 31 December 2020 and 2019.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 **RMB'000**	2019 RMB'000
Financial assets at FVTOCI comprise:		
Unlisted equity investments in the PRC	**53,400**	41,500
Analysed as		
Current	**29,000**	–
Non-current	**24,400**	41,500
	53,400	41,500
Financial asset at FVTPL comprises:		
Unlisted fund investment	**1,585**	3,479

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The unlisted equity investments represent unlisted equity investments of private entities established in the PRC. The Group has elected to designate the unlisted equity investments that are held for medium or long-term strategic purpose as financial assets at FVTOCI. One classified as current asset when the Group expects to realise it within twelve months after the end of the reporting period.

The unlisted fund investment represents unlisted fund investment incorporated in the Cayman Islands.

Included in the above investments are the following amounts denominated in a currency other than the functional currency of relevant group entities:

	2020 **RMB'000**	2019 RMB'000
USD	**1,585**	3,479

22. INTEREST IN AN ASSOCIATE

	2020 **RMB'000**	2019 RMB'000
Cost of investment an associate	**2,000**	–

As at 31 December 2020 and 2019, the Group had interests in the following associate:

Name of entity	Form of entity	Country of incorporation	Principal place of operation	Class of share held	Proportion of ownership interests or participating shares held by the Group		Proportion of voting power held		Principal activity
					2020	2019	**2020**	2019	
春蕾教育科技(河北)有限公司("春蕾教育")	Incorporated	PRC	PRC	Ordinary	**20%**	–	**20%**	–	Information Technology Consulting Service

Note: The Group is able to exercise significant influence over 春蕾教育 because it has the power to participate in the operation of that company under the provisions stated in the Articles of Association of that company.

23. LOAN RECEIVABLES

	2020 RMB'000	2019 RMB'000
Fixed-rate loan receivable	350	350
Variable-rate loan receivables	–	8,980
	350	9,330
Less: impairment loss recognised	(350)	–
	–	9,330
Analysed as		
Current	–	4,330
Non-current	–	5,000
	–	9,330

The Group measures the loss allowance for loan receivables at an amount equal to 12-month ECL. As at 31 December 2020 and 2019, in determining the expected credit losses for these assets, the directors of the Company have taken into account the financial position of the counterparties, various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The movement in the allowance for impairment of loan receivables is set out below:

	2020 RMB'000	2019 RMB'000
1 January	–	–
Provided for the year	350	–
31 December	350	–

There has been no change in the estimation techniques or significant assumptions made during both years in assessing the loss allowance for loan receivables.

23. LOAN RECEIVABLES *(Continued)*

The ranges of effective interest rates on the Group's loan receivables are as follows:

	2020	2019
Effective interest rate:		
Fixed-rate loan receivable	**2.00%**	2.00%
Variable-rate loan receivables	**–**	4.35% – 4.75%

24. TRADE AND OTHER RECEIVABLES

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

The Group does not hold any collateral over these receivables.

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

24. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables are due according to the terms on the relevant contracts as at 31 December 2020 and 2019. The following is an aged analysis of trade receivables net of accumulated impairment losses presented based on the invoice date at the end of reporting period.

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The movement in the allowance for impairment of trade receivables is set out below:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	2,417	6,598
Provided for the year	530	–
Amount written off as uncollectible	(135)	(4,181)
At the end of the year	2,812	2,417

24. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group writes off trade receivables when there is information indicating that the debtor was in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities.

The movement in the allowance for impairment of other receivables is set out below:

	2020 **RMB'000**	2019 RMB'000
1 January	**97**	95
Provided for the year	**1,400**	–
Exchange realignment	**(6)**	2
31 December	**1,491**	97

The Group measures the loss allowance for other receivables at an amount equal to 12-month ECL. The expected credit losses on other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

25. TERM DEPOSIT AND BANK BALANCES AND CASH

As at 31 December 2020 and 2019, term deposit represents a 3-year fixed deposit which carried interest rate at 3.85% per annum and will be matured in May 2021.

Bank balances carry floating interest rate based on daily bank deposit rates as at 31 December 2020 and 2019.

Details of impairment assessment of term deposit and bank balances are set out in note 6.

26. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
Educational consultancy and online training and education service contract	**10,490**	10,752

Contract liabilities include advances received from institutions or individual customers mainly for Group's online training services.

In general, the Group requests advance payment from customers who are individuals. The contract liabilities will be recognised as revenue over the relevant period of the applicable online programmes.

Revenue recognised during the year ended 31 December 2020 that was included in the contract liabilities at the beginning of the year is approximately RMB10,752,000 (2019: RMB15,318,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

27. TRADE AND OTHER PAYABLES

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

27. TRADE AND OTHER PAYABLES *(Continued)*

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

	2020	2019
	RMB'000	RMB'000
Within 30 days	**15,686**	4,322
31 to 60 days	**–**	–
61 to 90 days	**–**	–
91 to 150 days	**17**	2,340
Over 365 days	**530**	990
	16,233	7,652

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.

28. AMOUNT DUE TO A SHAREHOLDER

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

29. BANK BORROWING

	2020 RMB'000	2019 RMB'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):		
– Borrowing repayable within one year	3,000	–

During the year ended 31 December 2020, the bank borrowing carried at a fixed interest rate of 0.35% per month.

30. SHARE CAPITAL

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

Note: During the year ended 31 December 2019, the Company had allotted and issued a total of 993,700,000 new ordinary shares of HK$0.01 each in the share capital of the Company at the subscription price of HK$0.04 per subscription share, raising gross proceeds of approximately HK$39,748,000 (equivalent to approximately RMB35,000,000). The subscription of shares was completed on 30 July 2019. The new shares rank pari passu with the existing shares in all respects.

31. DEFERRED TAXATION

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 2019	11,979
Credit to profit or loss	(1,001)
At 31 December 2019 and 1 January 2020	10,978
Credit to profit or loss	(1,127)
At 31 December 2020	9,851

As at 31 December 2020, the Group has unused tax losses of approximately RMB269,038,000 (2019: RMB269,692,000) 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$198,632,000 (equivalent to approximately RMB175,169,000) (2019: HK$198,224,000 (equivalent to approximately RMB174,825,000)) may be carried forward indefinitely while the tax losses of approximately RMB93,869,000 (2019: RMB94,867,000) 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 RMB220,722,000 (2019: RMB206,286,000) 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.

32. 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 28 May 2014 (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 21 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 closing price of the shares as stated in the Stock Exchange's daily quotation sheet for trade in one or more board lots of the shares on the date of grant of the options, and (iii) the nominal value of the shares.

The share options are exercisable at any time during the option period, 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.

32. 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	Exercisable period	Exercise price	Fair value at grant date
2 July 2015	Note	2 July 2015 to 1 July 2019	HK$0.684	HK$0.23
2 July 2015	2 July 2015 to 2 July 2016	3 July 2016 to 1 July 2019	HK$0.684	HK$0.27
2 July 2015	2 July 2015 to 2 July 2017	3 July 2017 to 1 July 2019	HK$0.684	HK$0.29
18 May 2016	18 May 2016 to 18 May 2017	19 May 2017 to 17 May 2021	HK$0.290	HK$0.136
18 May 2016	18 May 2016 to 18 May 2018	19 May 2018 to 17 May 2021	HK$0.290	HK$0.155
18 May 2016	18 May 2016 to 18 May 2019	19 May 2019 to 17 May 2021	HK$0.290	HK$0.169
28 October 2016	28 October 2016 to 28 October 2017	29 October 2017 to 27 October 2021	HK$0.184	HK$0.076
28 October 2016	28 October 2016 to 28 October 2018	29 October 2018 to 27 October 2021	HK$0.184	HK$0.089
28 October 2016	28 October 2016 to 28 October 2019	29 October 2019 to 27 October 2021	HK$0.184	HK$0.099
29 June 2017	29 June 2017 to 29 June 2018	30 June 2018 to 28 June 2022	HK$0.127	HK$0.058
29 June 2017	29 June 2017 to 29 June 2019	30 June 2019 to 28 June 2022	HK$0.127	HK$0.066
29 June 2017	29 June 2017 to 29 June 2020	30 June 2020 to 28 June 2022	HK$0.127	HK$0.072

Note: In accordance with the terms of the Share Option Scheme, these share options vested at the date of grant.

32. 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 2020

Date of grant	Outstanding at 1 January 2020	Forfeited during the year (note)	Outstanding at 31 December 2020
Directors			
29 June 2017	8,500,000	(6,000,000)	2,500,000
Employees			
18 May 2016	10,700,000	–	10,700,000
29 June 2017	27,800,000	–	27,800,000
Consultants			
18 May 2016	7,000,000	–	7,000,000
29 June 2017	3,000,000	–	3,000,000
	57,000,000	(6,000,000)	51,000,000
Exercisable at the end of the year			51,000,000
Weighted average exercise price	HK$0.178	HK$0.127	HK$0.184

32. 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 2019

Date of grant	Outstanding at 1 January 2019	Transfer during the year	Forfeited during the year (note)	Expired during the year	Outstanding at 31 December 2019
Directors					
29 June 2017	10,500,000	1,000,000	(3,000,000)	–	8,500,000
Employees					
2 July 2015	2,510,000	–	–	(2,510,000)	–
18 May 2016	10,700,000	–	–	–	10,700,000
29 June 2017	28,800,000	(1,000,000)	–	–	27,800,000
Consultants					
18 May 2016	7,000,000	–	–	–	7,000,000
29 June 2017	3,000,000	–	–	–	3,000,000
	62,510,000	–	(3,000,000)	(2,510,000)	57,000,000
Exercisable at the end of the year					57,000,000
Weighted average exercise price	HK$0.20	HK$0.127	HK$0.127	HK$0.684	HK$0.178

Note: During the year ended 31 December 2020, aggregate number of 6,000,000 (2019: 3,000,000) share options were forfeited due to resignation of director (2019: resignation of directors).

The Group recognised share-based payment expense of approximately RMB136,000 (2019: RMB653,000) for the year ended 31 December 2020.

32. 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 of the Company (the "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 years ended 31 December 2020 and 2019, no options were granted and no options were outstanding under the Share Incentive Scheme.

33. 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$1,500 per month. During the year ended 31 December 2020, 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 RMB294,000 (2019: RMB390,000).

33. 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 2020, 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 RMB2,728,000 (2019: RMB3,025,000).

34. DISPOSAL OF A SUBSIDIARY

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

Consideration

	RMB'000
Cash consideration	765

Analysis of assets and liabilities over which control was lost:

	RMB'000
Plant and equipment	665
Bank balances and cash	4,789
Trade and other receivables	73
Trade and other payables	(330)
Income tax payable	(1,786)
	3,411

34. DISPOSAL OF A SUBSIDIARY *(Continued)*

Consideration *(Continued)*

Loss on disposal of a subsidiary:

	RMB'000
Consideration	765
Less: net assets disposed of	(3,411)
Add: non-controlling interests	1,688
	(958)

Net cash outflow arising on disposal of a subsidiary:

	RMB'000
Cash consideration received	765
Less: bank balances and cash disposed of	(4,789)
	(4,024)

35. RELATED PARTY TRANSACTIONS

(a) During the year ended 31 December 2020, the Group has recognised loan interest income of approximately RMB363,000 (2019: nil) from a shareholder.

Other than the above or disclosed elsewhere in the consolidated financial statements, the Group had no other material 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:

	2020	2019
	RMB'000	RMB'000
Short-term benefits	**3,878**	4,734
Post-employment benefits	**113**	175
Share-based payment expenses	**16**	97
	4,007	5,006

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

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Amount due to a director RMB'000	Bank borrowing RMB'000	Interest payable RMB'000	Lease liabilities RMB'000
At 1 January 2019	4,830	–	–	97,293
Financing cash flows	(4,830)	–	–	(8,404)
Non-cash changes				
– Increase in lease liabilities	–	–	–	25,160
– Interest expense	–	–	–	5,713
At 1 January 2020	**–**	**–**	**–**	**119,762**
Financing cash flows	**–**	**3,000**	**(64)**	**(15,521)**
Non-cash changes				
– Increase in lease liabilities	**–**	**–**	**–**	**582**
– Interest expense	**–**	**–**	**64**	**6,109**
Exchange realignment	**–**	**–**	**–**	**(260)**
At 31 December 2020	**–**	**3,000**	**–**	**110,672**

37. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY

During the year, the Group has the following change in its ownership interest in a subsidiary that does not result in loss of control.

Acquisition of additional interest in a subsidiary

In July 2020, the Group acquired an additional 30% issued shares of 廣西創聯國培教育諮詢有限公司("廣西創聯國培"), increasing its ownership interest to 100%. Cash consideration of approximately RMB2,102,000 was paid to the non-controlling shareholders. The carrying value of the net liabilities of 廣西創聯國培 attributable to non-controlling interest was approximately RMB4,737,000. As schedule of the effect of acquisition of additional interest is as follows:

	RMB'000
Carrying amount of non-controlling interest acquired	4,737
Consideration paid for acquisition of additional interest in 廣西創聯國培	2,102
Difference recognised in other reserve within equity	6,839

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2020 RMB'000	2019 RMB'000
Non-current assets			
Investments in subsidiaries		1,983	1,983
Right-of-use asset		3,776	6,423
Financial asset at fair value through profit or loss		1,585	3,479
Other receivables		1,125	–
		8,469	11,885
Current assets			
Other receivables		3	1,984
Amounts due from subsidiaries	(a)	208,969	213,943
Bank balances and cash		2,088	14,496
		211,060	230,423
Current liabilities			
Other payables		7,018	1,297
Lease liability		2,496	2,342
Amount due to a subsidiary	(a)	1,262	1,342
		10,776	4,981
Net current assets		200,284	225,442
Total assets less current liabilities		208,753	237,327
Capital and reserves			
Share capital		50,135	50,135
Reserves	(b)	157,235	183,281
Total equity		207,370	233,416
Non-current liability			
Lease liability		1,383	3,911
		208,753	237,327

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

Notes:

(a) The amounts due from (to) subsidiaries are unsecured, interest-free and repayable on demand.

(b): Movements in reserves

	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	Accumulated losses RMB'000	Total RMB'000
At 1 January 2019	1,131,484	57,814	52,969	595	90,578	1,927	141,000	(1,312,171)	164,196
Loss for the year	–	–	–	–	–	–	–	(11,922)	(11,922)
Other comprehensive expense for the year									
– Exchange difference arising on translation of financial statement from functional currency to presentation currency	–	–	4,279	–	–	–	–	–	4,279
Total comprehensive expense for the year	–	–	4,279	–	–	–	–	(11,922)	(7,643)
Issue of shares (note 30)	26,075	–	–	–	–	–	–	–	26,075
Recognition of equity-settled share-based payment expenses (note 32)	–	–	–	–	653	–	–	–	653
At 31 December 2019	1,157,559	57,814	57,248	595	91,231	1,927	141,000	(1,324,093)	183,281

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

(b): Movements in reserves *(continued)*

	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	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020	1,157,559	57,814	57,248	595	91,231	1,927	141,000	(1,324,093)	183,281
Loss for the year	–	–	–	–	–	–	–	(17,265)	(17,265)
Other comprehensive expense for the year									
– Exchange difference arising on translation of financial statement from functional currency to presentation currency	–	–	(8,917)	–	–	–	–	–	(8,917)
Total comprehensive expense for the year	–	–	(8,917)	–	–	–	–	(17,265)	(26,182)
Recognition of equity-settled share-based payment expenses (note 32)	–	–	–	–	136	–	–	–	136
At 31 December 2020	1,157,559	57,814	48,331	595	91,367	1,927	141,000	(1,341,358)	157,235

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Place of establishment/ incorporation/ operation	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company				Principal activities
				2020		2019		
				Directly	Indirectly	Directly	Indirectly	
Precious Luck	The BVI	Ordinary	US$100	–	100%	–	100%	Investment holding
Beijing Zhongjin	The PRC	Registered capital	RMB50,000,000	–	99.50%	–	99.50%	Provision of insurance brokerage services
四川創聯國培教育諮詢有限公司	The PRC	Registered capital	RMB10,000,000	–	100%	–	100%	Provision of online education development service
海南中人光華教育服務有限公司	The PRC	Registered capital	RMB1,000,000	–	99.00%	–	99.00%	Provision of online education development service
內蒙古聯培教育科技有限公司	The PRC	Registered capital	RMB2,000,000	–	100%	–	100%	Provision of online education development service
Well Tunes	Hong Kong	Ordinary	HK$1,890,000	–	100%	–	100%	Provision of insurance brokerage services
Premier Management	Hong Kong	Ordinary	HK$8,500,000	–	100%	–	100%	Provision of investment advisory services
廣西創聯國培	The PRC	Registered capital	RMB10,000,000	–	100%	–	70%	Provision of online education development service
China Oriental Culture (Hong Kong) Limited	Hong Kong	Ordinary	HK$1	100%	–	100%	–	Acts as administrative center of the Group
China Oriental Culture Limited	Hong Kong	Ordinary	HK$1	100%	–	100%	–	Acts as administrative center of the Group

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(Continued)

Name of subsidiary	Place of establishment/ incorporation/ operation	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company				Principal activities
				2020		2019		
				Directly	Indirectly	Directly	Indirectly	
Housden Holdings	The BVI	Ordinary	US$2	–	100%	–	100%	Investment holding
CL Education Limited	Hong Kong	Ordinary	HK$28,146,300	–	100%	–	100%	Investment holding
北京創聯國培雲科技有限公司 ("Beijing Chuanglian Guopei")*	The PRC	Registered capital	RMB150,000,000	–	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	–	– (note a)	–	– (note a)	Investment management and the provision of educational consultancy services
Zhongren Guanghua	The PRC	Registered capital	RMB5,000,000	–	– (note a)	–	– (note a)	Provision of internet information services and the promotion of technologies
北京輕輕考教育科技有限公司	The PRC	Registered capital	RMB1,000,000	–	100%	–	100%	Provision of online education development service
Wellstone Credit Financial Group Limited ("Wellstone Credit")	Hong Kong	Registered capital	HK$2	–	100%	–	100% (note b)	Provision of money lending services

* All other entities established in the PRC are limited liability companies. Beijing Chuanglian Guopei is a wholly foreign owned enterprise established in the PRC.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(Continued)

Notes:

(a) The Group does not have legal ownership in equity of the subsidiaries. The PRC regulations restrict foreign ownership of companies that provide telecommunications and information services. In order to enable the Group to operate such services, the Group has signed certain contractual agreements on 25 March 2011 with the registered owners of the subsidiaries to obtain subsidiaries' control by way of controlling the voting rights, governing its financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of Chuanglian Education and Zhongren Guanghua to the Group and/or the Group's other legally owned subsidiaries. As a result, they are presented as controlled structured entities of the Group. As at 31 December 2020 and 2019, the Group has 100% of voting right for Chuanglian Education and 51% of voting right for Zhongren Guanghua.

(b) During the year ended 31 December 2019, the Group had acquired Wellstone Credit with an immaterial consideration.

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 operate in the PRC and Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Place of incorporation	Number of subsidiaries	
		2020	2019
Inactive	Hong Kong	**2**	2
	The BVI	**–**	1
	The PRC	**25**	20
Investment holding	Hong Kong	**3**	2
	The BVI	**4**	4
	The PRC	**1**	1
		35	30

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

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(Continued)

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

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

Name	Place of establishment/ 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	
		2020	2019	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Zhongren Guanghua	The PRC	**49%**	49%	**1,391**	1,245	**2,930**	1,539
Individually subsidiaries with immaterial non-controlling interests				**(2,282)**	(686)	**3,440**	2,673
				(891)	559	**6,370**	4,212

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

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(Continued)

Zhongren Guanghua

	2020 RMB'000	2019 RMB'000
Current assets	**22,606**	13,573
Non-current assets	**887**	1,553
Current liabilities	**17,513**	11,984
Equity attributable to owners of the Company	**3,050**	1,603
Non-controlling interests	**2,930**	1,539

	2020 RMB'000	2019 RMB'000
Revenue	**44,447**	30,029
Expenses	**(41,609)**	(27,488)
Profit and total comprehensive income for the year	**2,838**	2,541
Profit attributable to owners of the Company	**1,447**	1,296
Profit attributable to non-controlling interests	**1,391**	1,245
Total comprehensive income for the year	**2,838**	2,541
Net cash inflow from operating activities	**9,361**	2,895
Net cash (outflow) inflow from investing activities	**(289)**	59
Net cash inflow from financing activities	**312**	–
Net cash inflow	**9,384**	2,954

40. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2020, the Group entered into new arrangements in respect of leasing of office and training centre. Right-of-use assets and lease liabilities of approximately RMB582,000 (2019: RMB25,160,000) were recognised at the commencement of the leases.

41. CAPITAL COMMITMENT

Capital expenditure contracted for at the end of the year but not recognised as liabilities is as follows:

	2020	2019
	RMB'000	RMB'000
Capital contribution of interest in an associate	**8,000**	–

42. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, a wholly-owned subsidiary of the Company entered into a transfer agreement with an independent third party to dispose of one of the financial assets at FVTOCI with a carrying amount of approximately RMB29.0 million as at 31 December 2020 at an estimated consideration of not more than RMB32.7 million. Details of the transaction were set out in the announcement dated 22 March 2021.