



# Chuanglian Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2371

## Interim Report 2022



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# CORPORATE INFORMATION

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## EXECUTIVE DIRECTORS

Mr. LU Xing (*Chairman of the Board*)  
Mr. GAO Yongzhi (*Chief Executive Officer*)  
Mr. LI Jia  
Mr. XU Dayong  
Mr. ZHANG Jie  
Mr. SONG Bo

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## COMPANY SECRETARY

Mr. LAM Man Kit

## 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. LAM Man Kit

## 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

Rooms 2009–18, 20/F.,  
Shui On Centre  
6–8 Harbour 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](http://www.chinahrt.com)

## STOCK CODE

2371

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “Board”) of directors (the “Directors”) of Chuanglian Holdings Limited (the “Company”) hereby presents the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2022 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2021 as follows:

|   | Notes | Six months ended 30 June       |                                |
|---|-------|--------------------------------|--------------------------------|
|   |       | 2022<br>RMB'000<br>(Unaudited) | 2021<br>RMB'000<br>(Unaudited) |
| Revenue   | 3     | 149,857                        | 84,233                         |
| Cost of services  |       | (65,646)                       | (27,387)                       |
| Gross profit  |       | 84,211                         | 56,846                         |
| Other income, net gains and losses  | 4     | 5,069                          | 1,363                          |
| Selling and marketing expenses  |       | (21,409)                       | (17,190)                       |
| Administrative expenses   |       | (40,881)                       | (37,284)                       |
| Share of results of associates  |       | (77)                           | —                              |
| Impairment losses on financial assets   |       | (1,870)                        | (1,576)                        |
| Finance costs   |       | (2,199)                        | (3,031)                        |
| Profit (loss) before tax  |       | 22,844                         | (872)                          |
| Income tax expense  | 5     | (4,043)                        | (2,363)                        |
| Profit (loss) for the period  | 6     | 18,801                         | (3,235)                        |
| <b>Other comprehensive income (expense)</b>   |       |                                |                                |
| <i>Item that will not be reclassified subsequently to profit or loss:</i>                   |       |                                |                                |
| Change in fair value of equity investments at fair value through other comprehensive income |       | (5,993)                        | 3,921                          |
| <i>Item that may be reclassified subsequently to profit or loss:</i>                        |       |                                |                                |
| Exchange differences arising on translation of financial statements of foreign operations   |       | 2,610                          | (1,354)                        |
| Other comprehensive (expense) income for the period   |       | (3,383)                        | 2,567                          |
| Total comprehensive income (expense) for the period   |       | 15,418                         | (668)                          |

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

|  | Notes | Six months ended 30 June       |                                |
|--|-------|--------------------------------|--------------------------------|
|  |       | 2022<br>RMB'000<br>(Unaudited) | 2021<br>RMB'000<br>(Unaudited) |
| Profit (loss) for the period attributable to:                        |       |                                |                                |
| — owners of the Company  |       | 15,415                         | (3,660)                        |
| — non-controlling interests  |       | 3,386                          | 425                            |
|  |       | <b>18,801</b>                  | <b>(3,235)</b>                 |
| Total comprehensive income (expense) for the period attributable to: |       |                                |                                |
| — owners of the Company  |       | 12,032                         | (1,093)                        |
| — non-controlling interests  |       | 3,386                          | 425                            |
|  |       | <b>15,418</b>                  | <b>(668)</b>                   |
| <b>Earnings (loss) per share</b>                                     |       |                                |                                |
| Basic and diluted (RMB cent)   | 8     | <b>0.23</b>                    | <b>(0.06)</b>                  |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

|  | Notes | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|--|-------|---|---|
| <b>Non-current assets</b>  |       |   |   |
| Plant and equipment  | 9     | 51,818  | 49,809                                      |
| Right-of-use assets  |       | 75,094  | 81,972                                      |
| Intangible assets  |       | 49,350  | 50,271                                      |
| Goodwill   |       | 38,290  | 38,290                                      |
| Financial assets at fair value through<br>other comprehensive income |       | 50,400  | 56,821                                      |
| Financial asset at fair value through<br>profit or loss              |       | 2,365   | 2,260                                       |
| Interests in associates  |       | 5,580   | 5,657                                       |
| Deposit paid for acquisition<br>of plant and equipment               |       | 5,595   | 3,200                                       |
| Finance lease receivables  |       | 40,509  | 35,951                                      |
| Other receivables  | 10    | 1,856   | 1,856                                       |
| Term deposit   |       | 5,000   | 5,000                                       |
|  |       | <b>325,857</b>                                      | 331,087                                     |
| <b>Current assets</b>  |       |   |   |
| Trade and other receivables  | 10    | 26,355  | 49,945                                      |
| Finance lease receivables  |       | 4,585   | 2,766                                       |
| Loan and interest receivables  |       | 5,341   | 5,149                                       |
| Digital assets   |       | 3,944   | 12,055                                      |
| Structured deposit   |       | 6,000   | —   |
| Bank balances and cash   |       | 200,008   | 169,358                                     |
|  |       | <b>246,233</b>                                      | 239,273                                     |
| <b>Current liabilities</b>   |       |   |   |
| Contract liabilities   |       | 39,580  | 31,178                                      |
| Trade and other payables   | 11    | 30,627  | 44,688                                      |
| Amount due to a shareholder  |       | 57  | 57  |
| Lease liabilities  |       | 13,769  | 13,912                                      |
| Income tax payable   |       | 13,367  | 14,402                                      |
|  |       | <b>97,400</b>                                       | 104,237                                     |
| <b>Net current assets</b>  |       | <b>148,833</b>                                      | 135,036                                     |
| <b>Total assets less current liabilities</b>                         |       | <b>474,690</b>                                      | 466,123                                     |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2022

|  | <i>Notes</i> | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|--|--------------|---|---|
| <b>Capital and reserves</b>                  |              |   |   |
| Share capital                                | 12           | <b>56,662</b>                                       | 56,662                                      |
| Reserves                                     |              | <b>323,247</b>                                      | 311,215                                     |
| Equity attributable to owners of the Company |              | <b>379,909</b>                                      | 367,877                                     |
| Non-controlling interests                    |              | <b>6,802</b>  | 3,376                                       |
| <b>Total equity</b>                          |              | <b>386,711</b>                                      | 371,253                                     |
| <b>Non-current liabilities</b>               |              |   |   |
| Deferred tax liability                       | 13           | <b>8,196</b>  | 8,724                                       |
| Lease liabilities                            |              | <b>79,783</b>                                       | 86,146                                      |
|  |              | <b>87,979</b>                                       | 94,870                                      |
|  |              | <b>474,690</b>                                      | 466,123                                     |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

|   | Attributable to owners of the Company |                          |                            |                                |                                       |                                  |   |                                      |                          |   |                               |                  |                                      |                  |
|---|---------------------------------------|--------------------------|----------------------------|--------------------------------|---------------------------------------|----------------------------------|---|--------------------------------------|--------------------------|---|-------------------------------|------------------|--------------------------------------|------------------|
|   | Share capital<br>RMB'000              | Share premium<br>RMB'000 | Special reserve<br>RMB'000 | Translation reserve<br>RMB'000 | Capital redemption reserve<br>RMB'000 | Share options reserve<br>RMB'000 | Contribution from shareholders<br>RMB'000 | Convertible bonds reserve<br>RMB'000 | Other reserve<br>RMB'000 | Investment revaluation reserve<br>RMB'000 | Accumulated losses<br>RMB'000 | Total<br>RMB'000 | Non-controlling interests<br>RMB'000 | Total<br>RMB'000 |
| At 1 January 2021 (Audited)   | 50,135                                | 1,157,159                | 15,536                     | 6,659                          | 595                                   | 91,367                           | 1,927                                     | —                                    | 133,638                  | (14,000)                                  | (1,186,707)                   | 256,709          | 6,370                                | 263,079          |
| Loss for the period   | —                                     | —                        | —                          | —                              | —                                     | —                                | —   | —                                    | —                        | —   | (3,660)                       | (3,660)          | 425                                  | (3,235)          |
| Other comprehensive (expense) income for the period   | —                                     | —                        | —                          | —                              | —                                     | —                                | —   | —                                    | —                        | —   | —                             | —                | —                                    | —                |
| — Change in fair value of equity investments at fair value through other comprehensive income | —                                     | —                        | —                          | —                              | —                                     | —                                | —   | —                                    | —                        | 3,921                                     | —                             | 3,921            | —                                    | 3,921            |
| — Exchange differences arising on translation of financial statements of foreign operations   | —                                     | —                        | —                          | (1,354)                        | —                                     | —                                | —   | —                                    | —                        | —   | —                             | (1,354)          | —                                    | (1,354)          |
| Total comprehensive (expense) income for the period   | —                                     | —                        | —                          | (1,354)                        | —                                     | —                                | —   | —                                    | —                        | 3,921                                     | (3,660)                       | (1,093)          | 425                                  | (668)            |
| Issue of new ordinary shares from placing   | 3,911                                 | 35,978                   | —                          | —                              | —                                     | —                                | —   | —                                    | —                        | —   | —                             | 39,889           | —                                    | 39,889           |
| Transaction costs attributable to issue of new ordinary shares from placing                   | —                                     | (73)                     | —                          | —                              | —                                     | —                                | —   | —                                    | —                        | —   | —                             | (73)             | —                                    | (73)             |
| Recognition of equity component of convertible bonds  | —                                     | —                        | —                          | —                              | —                                     | —                                | 2,640                                     | —                                    | —                        | —   | —                             | 2,640            | —                                    | 2,640            |
| At 30 June 2021 (Unaudited)   | 54,046                                | 1,193,144                | 15,536                     | 5,305                          | 595                                   | 91,367                           | 1,927                                     | 2,640                                | 133,638                  | (10,079)                                  | (1,190,367)                   | 298,072          | 6,795                                | 304,867          |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

|   | Attributable to owners of the Company |                          |                            |                                |                                       |                          |   |                          |   |                               | Total<br>RMB'000 |                  |                                      |
|---|---------------------------------------|--------------------------|----------------------------|--------------------------------|---------------------------------------|--------------------------|---|--------------------------|---|-------------------------------|------------------|------------------|--------------------------------------|
|   | Share capital<br>RMB'000              | Share premium<br>RMB'000 | Special reserve<br>RMB'000 | Translation reserve<br>RMB'000 | Capital redemption reserve<br>RMB'000 | Share options<br>RMB'000 | Contribution from shareholders<br>RMB'000 | Other reserve<br>RMB'000 | Investment revaluation reserve<br>RMB'000 | Accumulated losses<br>RMB'000 |                  | Total<br>RMB'000 | Non-controlling interests<br>RMB'000 |
|   |                                       |                          |                            |                                |                                       |                          |   |                          |   |                               |                  |                  |                                      |
| At 1 January 2022 (Audited)   | 56,662                                | 1,223,891                | 15,536                     | 8,536                          | 595                                   | 91,367                   | 1,927                                     | 133,638                  | (10,579)                                  | (1,153,696)                   | 367,877          | 3,376            | 371,253                              |
| Profit for the period   | —                                     | —                        | —                          | —                              | —                                     | —                        | —   | —                        | —   | —                             | —                | —                | —                                    |
| Other comprehensive income (expense) for the period   | —                                     | —                        | —                          | —                              | —                                     | —                        | —   | —                        | —   | —                             | —                | —                | —                                    |
| — Change in fair value of equity investments at fair value through other comprehensive income | —                                     | —                        | —                          | —                              | —                                     | —                        | —   | —                        | (5,993)                                   | —                             | (5,993)          | —                | (5,993)                              |
| — Exchange differences arising on translation of financial statements of foreign operations   | —                                     | —                        | —                          | 2,610                          | —                                     | —                        | —   | —                        | —   | —                             | 2,610            | —                | 2,610                                |
| Total comprehensive income (expense) for the period   | —                                     | —                        | —                          | 2,610                          | —                                     | —                        | —   | —                        | (5,993)                                   | 15,415                        | 12,032           | 3,386            | 15,418                               |
| Deregistration of financial asset at fair value through other comprehensive income            | —                                     | —                        | —                          | —                              | —                                     | —                        | —   | —                        | 1,972                                     | (1,972)                       | —                | —                | —                                    |
| Capital injection from non-controlling interests  | —                                     | —                        | —                          | —                              | —                                     | —                        | —   | —                        | —   | —                             | —                | 40               | 40                                   |
| At 30 June 2022 (Unaudited)   | 56,662                                | 1,223,891                | 15,536                     | 11,146                         | 595                                   | 91,367                   | 1,927                                     | 133,638                  | (14,600)                                  | (1,140,253)                   | 379,909          | 6,802            | 386,711                              |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

|   | Notes | Six months ended 30 June       |                                |
|---|-------|--------------------------------|--------------------------------|
|   |       | 2022<br>RMB'000<br>(Unaudited) | 2021<br>RMB'000<br>(Unaudited) |
| <b>OPERATING ACTIVITIES</b>                         |       |                                |                                |
| Cash from operations                                |       | 61,185                         | 14,111                         |
| Income tax paid                                     |       | (5,607)                        | (3,158)                        |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>           |       | <b>55,578</b>                  | <b>10,953</b>                  |
| <b>INVESTING ACTIVITIES</b>                         |       |                                |                                |
| Purchase of plant and equipment                     |       | (5,098)                        | (303)                          |
| Purchase of intangible assets                       |       | (3,021)                        | (52)                           |
| Deposit paid for acquisition of plant and equipment |       | (4,795)                        | —                              |
| Proceeds on disposal of plant and equipment         |       | 50                             | —                              |
| Proceeds from trading of digital assets             |       | (225)                          | —                              |
| Placement of structured deposit                     |       | (25,000)                       | —                              |
| Withdrawal of structured deposit                    |       | 19,000                         | —                              |
| Withdrawal of term deposit                          |       | —                              | 5,000                          |
| Interest received                                   |       | 912                            | 215                            |
| Capital injection from non-controlling interests    |       | 40                             | —                              |
| <b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b> |       | <b>(18,137)</b>                | <b>4,860</b>                   |
| <b>FINANCING ACTIVITIES</b>                         |       |                                |                                |
| Repayments of bank loan                             |       | —                              | (3,000)                        |
| Interest paid                                       |       | —                              | (13)                           |
| Repayment of principal element of lease liabilities |       | (6,549)                        | (6,696)                        |
| Repayment of interest element of lease liabilities  |       | (2,199)                        | (2,821)                        |
| Net proceeds from placing of new shares             | 12    | —                              | 39,816                         |
| Net proceeds from issue of convertible bonds        | 14    | —                              | 33,332                         |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2022<br>RMB'000<br>(Unaudited) | 2021<br>RMB'000<br>(Unaudited) |
| NET CASH (USED IN) FROM<br>FINANCING ACTIVITIES                                   | (8,748)                        | 60,618                         |
| NET INCREASE IN CASH AND<br>CASH EQUIVALENTS                                      | 28,693                         | 76,431                         |
| CASH AND CASH EQUIVALENTS<br>AT 1 JANUARY   | 169,358                        | 115,805                        |
| Effect of foreign exchange rate changes   | 1,957                          | (1,312)                        |
| CASH AND CASH EQUIVALENTS<br>AT 30 JUNE,<br>represented by bank balances and cash | 200,008                        | 190,924                        |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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## 1. GENERAL AND BASIS OF PREPARATION

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

The Group is principally engaged in the provision of online training and education services and financial services. Other than those major operating subsidiaries established in the People’s Republic of China (the “PRC”) whose functional currency is Renminbi (“RMB”), the functional currency of the remaining subsidiaries is Hong Kong dollars (“HK\$”).

The functional currency of the Company is HK\$, which is different from the presentation currency, RMB. As the Group mainly operates in the PRC, the Directors consider that it is appropriate to present the condensed consolidated financial statements in RMB.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2022 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

### **Application of amendments to Hong Kong Financial Reporting Standards (“HKFRS(s)”)**

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following new and amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2022.

**2. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Application of amendments to Hong Kong Financial Reporting Standards (“HKFRS(s)”) (Continued)**

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

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

**3. REVENUE AND SEGMENT INFORMATION**

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

|   | <b>Six months ended 30 June</b>                            |                                       |
|---|--|---------------------------------------|
|   | <b>2022</b><br><i><b>RMB’000</b></i><br><b>(Unaudited)</b> | 2021<br><i>RMB’000</i><br>(Unaudited) |
| <b>Revenue from contracts with customers within the scope of HKFRS 15</b> |  |                                       |
| Online training services  | <b>101,535</b>   | 60,281                                |
| On-site training services   | <b>2,789</b>   | 12,084                                |
| Consultancy services  | <b>3,473</b>   | 519                                   |
| Financial services  | <b>31,197</b>  | 11,349                                |
|   | <b>138,994</b>   | 84,233                                |
| Revenue from other source   |  |                                       |
| Finance lease services  | <b>10,863</b>  | —                                     |
|   | <b>149,857</b>   | 84,233                                |

**3. REVENUE AND SEGMENT INFORMATION (Continued)**

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

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

1. Securities trading — trading of financial assets at fair value through profit or loss;
2. Educational consultancy and online training and education — provision of educational consultancy services and online training and education services and on-site training services; and
3. Financial services — provision of insurance brokerage services, money lending services, investments advisory services and finance leasing services.

**Segment revenue and results**

The following table presents the Group's revenue and results by reportable and operating segments for the six months ended 30 June 2022 and 2021 respectively:

**Six months ended 30 June 2022**

|  | Securities trading<br>RMB'000<br>(Unaudited) | Educational consultancy and online training and education<br>RMB'000<br>(Unaudited) | Financial services<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|--|--|---|--|---------------------------------|
| <b>REVENUE</b>                                 |  |   |  |                                 |
| External sales                                 | —  | 107,797   | 42,060                                       | 149,857                         |
| Segment profit                                 | —  | 29,570  | 10,845                                       | 40,415                          |
| Unallocated other income, net gains and losses |  |   |  | (4,745)                         |
| Unallocated corporate expenses                 |  |   |  | (12,826)                        |
| Profit before tax                              |  |   |  | 22,844                          |

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2021

|                                | Securities<br>trading<br>RMB'000<br>(Unaudited) | Educational<br>consultancy<br>and online<br>training and<br>education<br>RMB'000<br>(Unaudited) | Financial<br>services<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|--------------------------------|---|---|---|---------------------------------|
| <b>REVENUE</b>                 |   |   |   |                                 |
| External sales                 | —   | 72,365  | 11,868  | 84,233                          |
| Segment profit (loss)          | —   | 7,947   | (2,543)   | 5,404                           |
| Unallocated other income       |   |   |   | 215                             |
| Unallocated corporate expenses |   |   |   | (6,491)                         |
| Loss before tax                |   |   |   | (872)                           |

Segment profit (loss) represents the profit earned by and loss from each segment without allocation of central administration costs, Directors' emoluments, certain other income, net gains and losses, depreciation of certain plant and equipment and right-of-use assets and certain finance costs. This is the measure reported to the executive Directors, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
 FOR THE SIX MONTHS ENDED 30 JUNE 2022

**3. REVENUE AND SEGMENT INFORMATION (Continued)**

**Segment assets and liabilities**

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

|   | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|---|---|---|
| <b>Segment assets</b>                                     |   |   |
| Securities trading  | —   | —   |
| Educational consultancy and online training and education | <b>223,542</b>                                      | 253,136                                     |
| Financial services  | <b>69,147</b>                                       | 62,162                                      |
| <b>Total segment assets</b>                               | <b>292,689</b>                                      | 315,298                                     |
| Unallocated corporate assets                              | <b>279,401</b>                                      | 255,062                                     |
| <b>Consolidated assets</b>                                | <b>572,090</b>                                      | 570,360                                     |
| <b>Segment liabilities</b>                                |   |   |
| Securities trading  | —   | —   |
| Educational consultancy and online training and education | <b>151,825</b>                                      | 155,456                                     |
| Financial services  | <b>9,284</b>  | 13,916                                      |
| <b>Total segment liabilities</b>                          | <b>161,109</b>                                      | 169,372                                     |
| Unallocated corporate liabilities                         | <b>24,270</b>                                       | 29,735                                      |
| <b>Consolidated liabilities</b>                           | <b>185,379</b>                                      | 199,107                                     |

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities (Continued)

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 assets at fair value through other comprehensive income (“FVTOCI”), financial asset at fair value through profit or loss (“FVTPL”), interests in associates, certain other receivables, digital assets, term deposit, structured deposit and bank balances and cash; and
- all liabilities are allocated to operating segments other than certain other payables, certain lease liabilities, amount due to a shareholder, income tax payable and deferred tax liability.

### 4. OTHER INCOME, NET GAINS AND LOSSES

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2022<br>RMB'000<br>(Unaudited) | 2021<br>RMB'000<br>(Unaudited) |
| Management fee income                                   | —                              | 475                            |
| Value-added tax refund                                  | 146                            | 344                            |
| Compensation income (note a)                            | 8,667                          | —                              |
| Government grants (note b)                              | 47                             | —                              |
| Bank interest income                                    | 912                            | 215                            |
| Change in fair value in digital assets                  | (4,986)                        | —                              |
| Loss on deregistration of financial assets<br>at FVTOCI | (428)                          | —                              |
| Others  | 711                            | 329                            |
|   | <b>5,069</b>                   | <b>1,363</b>                   |

Notes:

- (a) During the six months ended 30 June 2022, the Group’s leased training center was temporarily used for non-training business and received a compensation of approximately RMB8,667,000 (six months ended 30 June 2021: nil).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
 FOR THE SIX MONTHS ENDED 30 JUNE 2022

**4. OTHER INCOME, NET GAINS AND LOSSES (Continued)**

Notes: (Continued)

- (b) During the six months ended 30 June 2022, the Group recognised government grants of approximately RMB47,000 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 (six months ended 30 June 2021: nil).

**5. INCOME TAX EXPENSE**

|                           | Six months ended 30 June       |                                |
|---------------------------|--------------------------------|--------------------------------|
|                           | 2022<br>RMB'000<br>(Unaudited) | 2021<br>RMB'000<br>(Unaudited) |
| PRC Enterprise Income Tax |                                |                                |
| — current period          | 4,571                          | 2,891                          |
| Deferred tax              | (528)                          | (528)                          |
|                           | <b>4,043</b>                   | 2,363                          |

**6. PROFIT (LOSS) FOR THE PERIOD**

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

|                                       | Six months ended 30 June       |                                |
|---------------------------------------|--------------------------------|--------------------------------|
|                                       | 2022<br>RMB'000<br>(Unaudited) | 2021<br>RMB'000<br>(Unaudited) |
| Depreciation of plant and equipment   | 5,199                          | 5,118                          |
| Depreciation of right-of-use assets   | 6,929                          | 7,119                          |
| Amortisation of intangible assets     | 3,942                          | 2,431                          |
| Expense relating to short-term leases | 1,036                          | 772                            |

**7. DIVIDEND**

No dividends were paid, declared or proposed during the interim period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

**8. EARNINGS (LOSS) PER SHARE**

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

|   | <b>Six months ended 30 June</b>                     |                                       |
|---|---|---------------------------------------|
|   | <b>2022</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | 2021<br><i>RMB'000</i><br>(Unaudited) |
| <b>Earnings (loss)</b>  |   |                                       |
| Profit (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share | <b>15,415</b>                                       | (3,660)                               |
| <b>Number of shares</b>   | <i>'000</i>   | <i>'000</i>                           |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share                         | <b>6,752,211</b>                                    | 6,050,498                             |

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

Diluted earnings (loss) per share is same as basic earnings (loss) per share for both periods.

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for both six months ended 30 June 2022 and 2021.

The computation of diluted loss per share for the six months ended 30 June 2021 did not assume the conversion of the Company's outstanding convertible bonds as the conversion of the convertible bonds would result in a decrease in loss per share.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**9. PLANT AND EQUIPMENT**

During the six months ended 30 June 2022, additions of plant and equipment amounted to approximately RMB7,498,000 (six months ended 30 June 2021: RMB303,000).

**10. TRADE AND OTHER RECEIVABLES**

|                                  | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|----------------------------------|---|---|
| Trade receivables                | <b>13,110</b>                                       | 6,741                                       |
| Less: impairment loss recognised | <b>(2,927)</b>                                      | (1,057)                                     |
|                                  | <b>10,183</b>                                       | 5,684                                       |
| Other receivables                | <b>18,051</b>                                       | 37,237                                      |
| Less: impairment loss recognised | <b>(2,400)</b>                                      | (2,400)                                     |
|                                  | <b>15,651</b>                                       | 34,837                                      |
| Prepayments                      | <b>522</b>  | 5,940                                       |
| Deposits                         | <b>1,198</b>  | 3,003                                       |
| Value added tax recoverables     | <b>657</b>  | 2,337                                       |
|                                  | <b>28,211</b>                                       | 51,801                                      |
| Analysed as                      |   |   |
| Current                          | <b>26,355</b>                                       | 49,945                                      |
| Non-current                      | <b>1,856</b>  | 1,856                                       |
|                                  | <b>28,211</b>                                       | 51,801                                      |

The Group does not hold any collateral over these receivables.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
 FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

Trade receivables are due according to the terms on the relevant contracts as at 30 June 2022 and 31 December 2021. 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:

|                | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|----------------|---|---|
| Within 30 days | 3,774   | 4,469                                       |
| 31 to 60 days  | 2,675   | 516   |
| 61 to 180 days | 3,734   | 699   |
|                | <b>10,183</b>                                       | 5,684                                       |

**11. TRADE AND OTHER PAYABLES**

|                    | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|--------------------|---|---|
| Trade payables     | 5,450   | 11,473                                      |
| Other payables     | 13,564  | 19,927                                      |
| Other tax payables | 1,257   | 1,091                                       |
| Accruals           | 10,356  | 12,197                                      |
|                    | <b>30,627</b>                                       | 44,688                                      |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
 FOR THE SIX MONTHS ENDED 30 JUNE 2022

**11. TRADE AND OTHER PAYABLES (Continued)**

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

|                 | <b>30 June<br/>2022<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2021<br>RMB'000<br>(Audited) |
|-----------------|---|---|
| Within 30 days  | <b>1,825</b>  | 10,952                                      |
| 31 to 60 days   | <b>—</b>  | 7   |
| 61 to 90 days   | <b>205</b>  | —   |
| 91 to 150 days  | <b>2,877</b>  | 1   |
| 151 to 365 days | <b>30</b>   | —   |
| Over 365 days   | <b>513</b>  | 513   |
|                 | <b>5,450</b>  | 11,473                                      |

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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**12. SHARE CAPITAL**

|   | Number of shares    |                   | Share capital           |                       | Equivalent nominal value of ordinary shares |                      |
|---|---------------------|-------------------|-------------------------|-----------------------|---|----------------------|
|   | 30 June 2022        | 31 December 2021  | 30 June 2022            | 31 December 2021      | 30 June 2022                                | 31 December 2021     |
|   | '000<br>(Unaudited) | '000<br>(Audited) | HK\$'000<br>(Unaudited) | HK\$'000<br>(Audited) | RMB'000<br>(Unaudited)                      | RMB'000<br>(Audited) |
| Ordinary shares of HK\$0.01 each                                  |                     |                   |                         |                       |   |                      |
| Authorised:   |                     |                   |                         |                       |   |                      |
| At the beginning and end of the period/year                       | 100,000,000         | 100,000,000       | 1,000,000               | 1,000,000             | 879,100                                     | 879,100              |
| Issued and fully paid:  |                     |                   |                         |                       |   |                      |
| At the beginning of the period/year                               | 6,752,211           | 5,962,211         | 67,522                  | 59,622                | 56,662                                      | 50,135               |
| Placing of new shares (note a)                                    | —                   | 470,000           | —                       | 4,700                 | —   | 3,911                |
| Issue of new shares upon conversion of convertible bonds (note b) | —                   | 320,000           | —                       | 3,200                 | —   | 2,616                |
| At the end of the period/year                                     | 6,752,211           | 6,752,211         | 67,522                  | 67,522                | 56,662                                      | 56,662               |

*Notes:*

- (a) On 28 April 2021, the Company entered into a placing agreement with the placing agent for the placing of an aggregate 470,000,000 new ordinary shares of the Company to not less than six independent third parties at a placing price of HK\$0.102 per share. The net proceeds raised amounted to approximately to HK\$47,790,000 (equivalent to approximately RMB39,816,000) and resulted in the net increase in share capital and share premium of approximately RMB3,911,000 and RMB35,905,000 respectively. The placing was completed on 28 May 2021. Details of the placing are set out in the Company's announcements dated 28 April 2021, 18 May 2021 and 28 May 2021 respectively.
- (b) On 15 September 2021, convertible bonds of the Company with an aggregate principal of HK\$40,000,000 (equivalent to approximately RMB33,332,000) were converted into 320,000,000 new shares at a conversion price of HK\$0.125 per share and result in the net increase in share capital and share premium of approximately RMB2,616,000 and RMB30,427,000. Details of the convertible bonds are set out in the Company's announcements dated 28 April 2021, 18 May 2021 and 28 May 2021 respectively.

All the new shares issued for the placing of shares and conversion of convertible bonds listed as above rank pari passu with the existing shares in all respects.

### 13. DEFERRED TAX LIABILITY

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

|                             | <b>Total<br/>RMB'000</b> |
|-----------------------------|--------------------------|
| At 1 January 2022 (audited) | <b>8,724</b>             |
| Credited to profit or loss  | <b>(528)</b>             |
| At 30 June 2022 (unaudited) | <b>8,196</b>             |

### 14. CONVERTIBLE BONDS

On 28 May 2021, the Company completed the issuance of convertible bonds with face value of HK\$40,000,000 (equivalent to approximately RMB33,332,000) to an independent third party who was appointed as an executive Director of the Company on 25 June 2021. The holder of convertible bonds is entitled to convert the convertible bonds into ordinary shares of the Company at the conversion price of HK\$0.125 per ordinary share at any time between the date of issue of the convertible bonds and 13 May 2023. The convertible bonds bear fixed interest of 3.50% per annum which will be paid on the maturity date or, if earlier, upon conversion or redemption of the convertible bonds.

The net proceeds amounted to approximately RMB33,332,000 received from the issue of convertible bonds have been split between a liability component and an equity component, as follows:

|  | Liability<br>component<br>RMB'000 | Equity<br>component<br>RMB'000 | Total<br>RMB'000 |
|--|-----------------------------------|--------------------------------|------------------|
| At 28 May 2021 (date of issuance)                                | 30,692                            | 2,640                          | 33,332           |
| Interest charged during the year                                 | 694                               | —                              | 694              |
| Interest payment   | (345)                             | —                              | (345)            |
| Conversion into shares of the<br>Company                         | (31,041)                          | (2,640)                        | (33,681)         |
| As at 31 December 2021 (Audited)<br>and 30 June 2022 (Unaudited) | —                                 | —                              | —                |

The interest charged is calculated by applying an effective interest rate of 7.72% to the liability component of the convertible bonds.

**14. CONVERTIBLE BONDS (Continued)**

As at 30 June 2021, the principal amount of the convertible bonds remained outstanding is approximately RMB33,332,000.

On 15 September 2021, the entire convertible bonds of the Company were converted into 320,000,000 new shares of the Company at the conversion price of HK\$0.125 per share. Thus, there is no outstanding principal amount of convertible bonds as of 31 December 2021 and 30 June 2022.

Details of the issuance of convertible bonds are set out in the Company's announcements dated 28 April 2021, 18 May 2021 and 28 May 2021 respectively.

**15. SHARE-BASED PAYMENT TRANSACTIONS**

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

For six months ended 30 June 2022 and 2021, no share-based payment expenses has recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

**16. RELATED PARTY TRANSACTIONS**

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

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

|                              | <b>Six months ended 30 June</b>                     |  |
|------------------------------|---|--|
|                              | <b>2022</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | 2021<br><i>RMB'000</i><br><b>(Unaudited)</b> |
| Short-term benefits          | <b>2,029</b>  | 1,483  |
| Post-employment benefits     | <b>90</b>   | 67   |
| Share-based payment expenses | <b>—</b>  | —  |
|                              | <b>2,119</b>  | 1,550  |

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

**17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
 FOR THE SIX MONTHS ENDED 30 JUNE 2022

**17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

(Continued)

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 30 June 2022 and 31 December 2021:

|  | <b>30 June 2022</b> | 31 December 2021 |
|--|---------------------|------------------|
|  | <b>Level 3</b>      | Level 3          |
|  | <b>RMB'000</b>      | RMB'000          |
|  | <b>(Unaudited)</b>  | (Audited)        |
| <b>Financial assets at FVTOCI</b>      |                     |                  |
| Unlisted equity investments in the PRC | <b>50,400</b>       | 56,821           |
| Analysed as                            |                     |                  |
| Current                                | —                   | —                |
| Non-current                            | <b>50,400</b>       | 56,821           |
|  | <b>50,400</b>       | 56,821           |
| <b>Financial asset at FVTPL</b>        |                     |                  |
| Unlisted fund investment               | <b>2,365</b>        | 2,260            |

**17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

(Continued)

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

|  | <b>Unlisted fund<br/>investment</b><br><i>RMB'000</i> | <b>Unlisted equity<br/>investments</b><br><i>RMB'000</i> |
|--|---|--|
| As at 1 January 2021 (audited)                                   | 1,585   | 53,400   |
| Change in fair value recognised in other<br>comprehensive income | 731   | 3,421  |
| Exchange realignment   | (56)  | —  |
| As at 31 December 2021 (audited)                                 | <b>2,260</b>  | <b>56,821</b>  |
| Change in fair value recognised in other<br>comprehensive income | —   | (5,993)  |
| Deregistration   | —   | (428)  |
| Exchange realignment   | <b>105</b>  | —  |
| As at 30 June 2022 (unaudited)                                   | <b>2,365</b>  | <b>50,400</b>  |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
 FOR THE SIX MONTHS ENDED 30 JUNE 2022

**17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

(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       |                      | Valuation technique and key inputs  | Significant unobservable inputs                           | Relationship of key inputs and significant unobservable inputs to fair value             |
|-----------------------------|----------------------|------------------------|----------------------|---|---|--|
|                             |                      | 30 June 2022           | 31 December 2021     |   |   |  |
|                             |                      | RMB'000<br>(Unaudited) | RMB'000<br>(Audited) |   |   |  |
| Digital assets              | Level 1              | 3,944                  | 12,055               | Active price provided by the digital market   | N/A   | N/A  |
| Unlisted fund investment    | Level 3              | 2,365                  | 2,260                | Fair value of underlying assets in the fund   | Underlying assets in the fund                             | The higher the value of the underlying assets, the higher the fair value                 |
| Unlisted equity investments | Level 3              | 50,000                 | 55,000               | Market approach by applying market multiples from comparable companies and adjusted by marketability discount | Multiples of comparable companies; Marketability discount | The higher the multiples/the lower the marketability discount, the higher the fair value |
| Unlisted equity investments | Level 3              | 400                    | 1,821                | Asset-based approach adjusted by marketability discount   | Marketability discount                                    | The lower the marketability discount, the higher the fair value                          |

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

**18. CAPITAL COMMITMENT**

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

|   | <b>30 June 2022</b> | 31 December 2021 |
|---|---------------------|------------------|
|   | <i>RMB'000</i>      | <i>RMB'000</i>   |
|   | <b>(Unaudited)</b>  | (Audited)        |
| Capital contribution of interests in associates | <b>13,840</b>       | 13,840           |

**19. EVENT AFTER THE REPORTING PERIOD**

Subsequent to the end of the Reporting Period, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with a director of a wholly-owned subsidiary of the Company, a connected person of the Company, to dispose of the entire issued share capital of Leading Fortune Global Group Limited and the loan with a consideration of HK\$43,000,000. The disposal transaction is in progress as at the date of this report.

Details of the transaction were set out in the announcement of the Company dated 4 August 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## FINANCIAL REVIEW

For the Reporting Period, the Group recorded a revenue of approximately RMB149,857,000 (six months ended 30 June 2021: approximately RMB84,233,000), representing an increase of approximately 77.9% as compared to the last corresponding period.

The overall operating performance of the Group for the Reporting Period was better than the last corresponding period. Out of the total revenue, approximately RMB107,797,000 (six months ended 30 June 2021: approximately RMB72,365,000) was generated from educational consultancy and online training and education business, and approximately RMB42,060,000 (six months ended 30 June 2021: approximately RMB11,868,000) was generated from the financial services business for the Reporting Period.

The educational consultancy and online training and education business continued to be the major contributor of revenue to the Group which accounted for approximately 71.9% of the total revenue for the Reporting Period. 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 consultancy services and increased geographical coverage of our business.

In view of the huge market potential of the online training and education as well as the PRC government launched several action plans for promoting high-quality development of modern vocational education, the management expects that there will be a steady and sustainable growth in the Group's educational consultancy and online training and education business in the second half of 2022. 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.

The significant increase in revenue from the financial services business was due to the expansion of insurance brokerage business in more PRC cities, and more funds were managed in Hong Kong during the Reporting Period.

Cost of services for the Reporting Period was approximately RMB65,646,000 (six months ended 30 June 2021: approximately RMB27,387,000), representing an increase of approximately 139.7% as compared to the last corresponding period. The increase in cost of services was mainly due to the increase in volume of revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

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Gross profit margin for the Reporting Period was decreased to approximately 56.2% (six months ended 30 June 2021: approximately 67.5%). Gross profit mainly dropped from the educational consultancy and online training and education business, its gross profit margin decrease from approximately 77.5% for the six months ended 30 June 2021 to approximately 66.5% for the Reporting Period, which was primarily due to the gross profit margin in new geographical areas is lower than others and increase in operating costs during the Reporting Period.

Selling and marketing expenses for the Reporting Period was approximately RMB21,409,000 (six months ended 30 June 2021: approximately RMB17,190,000), representing an increase of approximately 24.5% as compared to the last corresponding period. The increase in selling and marketing expenses was mainly due to the increase in staff costs, sale commission and conference fee.

Administrative expenses for the Reporting Period was approximately RMB40,881,000 (six months ended 30 June 2021: approximately RMB37,284,000), representing an increase of approximately 9.6% as compared to the last corresponding period. The increase in administrative expenses was mainly due to the increase in staff costs, depreciation and advisory fee.

As a result of the above, the Group recorded a turnaround from loss to profit in the current period. The profit attributable to owners of the Company for the six months ended 30 June 2022 was approximately RMB15,415,000 (six months ended 30 June 2021: loss of approximately RMB3,660,000). The basic earnings per share for the Reporting Period was approximately RMB0.23 cent compared to a basic loss per share of approximately RMB0.06 cent for the six months ended 30 June 2021.

### BUSINESS REVIEW

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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## Education Services

The Group provides online and 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 88 million. There are certain requirements under the PRC laws and relevant provisions that professional staff in the PRC are required to undertake an annual required minimum continuing professional training in both public required subjects and relevant professional subjects in order to satisfy their corresponding job requirements and professional development needs.

Due to the impact of the COVID-19 pandemic, the Group is now providing comprehensive online training and education services to professional staff, through the Internet and mobile Internet. The Group is operating more than 200 large-scale online training and education service platforms for institutional B-end users and one online education platform (Rongxue Cloud) for mobile Internet C-end users. The Group currently has more than 8 million paying users. In the past few years, the Group's online training platform has provided training for more than 50 million times of attendance.

During the Reporting Period, the Group has provided its online training and education business to different geographical areas in the PRC. The Group's online training and education business currently covers 20 provinces, autonomous regions and municipalities as well as over 150 cities in the PRC.

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

## Financial Services

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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As at 30 June 2022, Beijing Zhongjin Insurance Brokerage Limited (“Beijing Zhongjin”), a subsidiary of the Group, established branches in nearly 10 provinces in China, including Shanghai, Shandong, Jiangxi, Tianjin, and Guangdong. Beijing Zhongjin actively developed its business and worked together with Well Tunes Financial Group Limited (“Well Tunes”), a subsidiary of the Group, with an aim to promote collaborative development between the two markets.

RuiLian Financial Group Company Limited (“RuiLian”), a subsidiary of the Group, is a corporation licensed under the Securities and Futures Ordinance to conduct Type 1 (Dealing in Securities), 4 (Advising on Securities) and 9 (Asset Management) regulated activities. As at the end of the Reporting Period, its securities and advisory businesses contributed to the overall performance of the Group. Under the strategic guidance of and the efforts made by the management team, RuiLian has been managing several funds, including Premier Global Investment Fund SPC, Premier Frontier IPO Fund, CCBT Global Navigation Fund and CCB Frontier Fortune Fund, with the total amount of assets under management reaching approximately HK\$2.5 billion.

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

In August 2021, the Group acquired Leading Fortune Global Group Limited (“Leading Fortune Global”, “Acquisition of Leading Fortune Global”), a company that focuses on the provision of finance lease services over high-performance data processing computer units. However, in September 2021, new rules and regulations in relation to cryptocurrencies were announced and imposed by the PRC authorities and the People’s Bank of China unexpectedly. Although Leading Fortune Global was not directly affected by the new rules and regulations, it is expected that the likelihood of Leading Fortune Global meeting the profit guarantee as stipulated in the sale and purchase agreement dated 29 July 2021 is slim because of the dynamic regulatory environment.

Subsequently, in August 2022, the Group entered into a sale and purchase agreement with Mr. Pan Ruixin (“Mr. Pan”), a connected person of the Company at the subsidiary level and the vendor of Acquisition of Leading Fortune Global, for dispose of Leading Fortune Global (“Disposal of Leading Fortune Global”). Details of the Disposal of Leading Fortune Global were set out in the announcement of the Company dated 4 August 2022.

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

## PROSPECTS

### Education Services

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

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

In addition to the business-to-business model, the Group will continue to allocate more resources to develop the business-to-consumer model in order to increase the consumers' adherence and loyalty to our training and education platforms. With the success of 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 providing more pre-examination preparation courses in the future.

### Financial Services

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had bank balances and cash of approximately RMB200,008,000 (31 December 2021: approximately RMB169,358,000) and did not have any bank borrowings (31 December 2021: nil).

As at 30 June 2022, the Group's net current assets totalled approximately RMB148,833,000 (31 December 2021: approximately RMB135,036,000). Current ratio was approximately 2.53 times as at 30 June 2022 (31 December 2021: approximately 2.30 times).

### GEARING RATIO

As at 30 June 2022, the gearing ratio of the Group (measured as total liabilities to total assets) was approximately 32.4% (31 December 2021: approximately 34.9%).

### CAPITAL STRUCTURE

As at 30 June 2022, the Company's issued share capital was approximately HK\$67,522,106 and the number of its issued ordinary shares was 6,752,210,578 shares of HK\$0.01 each.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## FOREIGN EXCHANGE EXPOSURE

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

## CONTINGENT LIABILITIES

As at 30 June 2022 and 31 December 2021, the Group did not have any significant contingent liabilities.

## CHARGE ON GROUP ASSETS

As at 30 June 2022 and 31 December 2021, the Group did not have any charges on its assets.

## CAPITAL COMMITMENT

As at 30 June 2022, the Group had outstanding capital commitment in respect of the capital contribution of interests in associates of approximately RMB13,840,000 (31 December 2021: approximately RMB13,840,000).

## EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 30 June 2022, the Group had 410 employees (31 December 2021: 381 employees) in Hong Kong and the PRC and the total staff costs (including all Directors' remuneration and fees) are approximately RMB23,214,000 for the Reporting Period (six months ended 30 June 2021: approximately RMB17,900,000).

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 had adopted share option schemes (the "Share Option Schemes"). As at 30 June 2022, there were 100,000,000 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF PROCEEDS

### Share Placing and CB Placing

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

The Share Placing was completed on 28 May 2021 in accordance with the terms and conditions of the Share Placing Agreement. A total of 470,000,000 Placing Shares had been successfully placed to not less than six (6) placees, who and whose ultimate beneficial owners were independent third parties, at the placing price of HK\$0.102 per Placing Share.

The CB Placing was completed on 28 May 2021 in accordance with the terms and conditions of the CB Placing Agreement. The Convertible Bonds in the aggregate principal amount of HK\$40,000,000 have been placed to one placee, namely Mr. Song Bo (“Mr. Song”), being a PRC resident and a general investor, who was appointed as an executive Director of the Company on 25 June 2021.

On 15 September 2021, 320,000,000 Shares upon conversion of the Convertible Bonds in the principal amount of HK\$40,000,000 were issued and thus the Convertible Bonds was fully converted and no remaining outstanding balance.

The net proceeds from Share Placing and CB Placing, after deduction of the relevant fees paid by the Company in connection therewith, were approximately HK\$47,790,000 and HK\$39,760,000 respectively. An analysis of the utilisation of the net proceeds up to 30 June 2022 is set out below:

| Intended use of net proceeds                               | Original<br>allocation of<br>net proceeds<br>HK\$'000<br>(approximately) | Utilised net<br>proceeds as at<br>30 June 2022<br>HK\$'000<br>(approximately) | Unutilised net<br>proceeds as at<br>30 June 2022<br>HK\$'000<br>(approximately) | Expected timeline<br>for unused<br>net proceeds |
|--|--|---|---|---|
| Possible investment in the education<br>and finance market | 60,050   | 42,000  | 18,050  | 2022–2023                                       |
| General working capital                                    | 27,500   | 27,500  | —   | —   |
| Total  | 87,550   | 69,500  | 18,050  |   |

### SHARE OPTION SCHEMES

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 May 2014, a share option scheme (the “Share Option Scheme 2014”) was adopted by the Company. The Share Option Scheme 2014, subject to earlier termination by the Company in general meeting, will remain in force of a period of ten years. The scheme limit in respect of the grant of options to subscribe for Shares under the Share Option Scheme 2014 has been refreshed by a resolution passed at the annual general meeting of the Company held on 14 June 2018.

On 4 January 2022 (“Date of Grant”), the Company grants 100,000,000 share options to two (2) eligible participants (as defined in the Share Option Scheme 2014) (the “Grantees”), which are independent third parties, at the exercise price of HK\$0.103 per share. All the 100,000,000 share option granted are vested and exercisable from the Date of Grant. Among the 100,000,000 share options granted, 45,000,000 share options were granted to one eligible participant (“Grantee A”), representing approximately 0.67% of the Company’s total number of issued shares as at the Date of Grant and 55,000,000 share options were granted to another eligible participant (“Grantee B”), representing approximately 0.81% of the Company’s total number of issued shares as at the Date of Grant. Save for the share options granted to Grantee A and Grantee B on the Date of Grant, neither Grantee A nor Grantee B had any other exercised and outstanding options in the 12-month period prior to the Date of Grant.

Grantee A is a limited company registered in Hong Kong, which is wholly owned by one individual (“Ultimate Beneficial Owner A”). Ultimate Beneficial Owner A has extensive experience in capital markets and investments. Grantee A is a company principally engaged in the business of providing referral services in the commercial market, and Grantee A is engaged by the Company for its project referral services.

Grantee B is a limited company registered in BVI, which is wholly owned by one individual (“Ultimate Beneficial Owner B”). Ultimate Beneficial Owner B has extensive experiences in capital markets and corporate finance. Grantee B is a company principally engaged in the business of providing marketing promotion services in the commercial market, and Grantee B is engaged by a subsidiary of the Company for its product promotion services.

The Board considers that each of the Grantees possesses extensive experiences, business network and market connections in its respective area of expertise. Accordingly, through cooperation with these Grantees, the Group is able to utilise their expertise, network and connections to accomplish the long-term growth and profitability of the Group.

Details of this grant of share options and the Grantees were set out in the Company’s announcements dated 4 January 2022 and 10 January 2022.

## OTHER INFORMATION

Movements of share options in the Reporting Period under the Share Option Scheme 2014 are summarised as follows:

| List of Grantees   | Balance as at 1 January 2022 | Granted during the Reporting Period | Exercised during the Reporting Period | Lapsed during the Reporting Period | Cancelled during the Reporting Period | Balance as at 30 June 2022 | Exercise Price<br>HK\$ | Date of Grant | Exercise Period              |
|--------------------|------------------------------|-------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|----------------------------|------------------------|---------------|------------------------------|
| <b>Director</b>    |                              |                                     |                                       |                                    |                                       |                            |                        |               |                              |
| Xu Dayong          | 1,000,000                    | —                                   | —                                     | (1,000,000)                        | —                                     | —                          | 0.127                  | 29/06/2017    | 29/06/2017-28/06/2022 (Note) |
| Wu Yalin           | 1,000,000                    | —                                   | —                                     | (1,000,000)                        | —                                     | —                          | 0.127                  | 29/06/2017    | 29/06/2017-28/06/2022 (Note) |
| Wang Shuping       | 500,000                      | —                                   | —                                     | (500,000)                          | —                                     | —                          | 0.127                  | 29/06/2017    | 29/06/2017-28/06/2022 (Note) |
| Subtotal           | 2,500,000                    | —                                   | —                                     | (2,500,000)                        | —                                     | —                          |                        |               |                              |
| <b>Employees</b>   |                              |                                     |                                       |                                    |                                       |                            |                        |               |                              |
| In aggregate       | 27,800,000                   | —                                   | —                                     | (27,800,000)                       | —                                     | —                          | 0.127                  | 29/06/2017    | 29/06/2017-28/06/2022 (Note) |
| Subtotal           | 27,800,000                   | —                                   | —                                     | (27,800,000)                       | —                                     | —                          |                        |               |                              |
| <b>Consultants</b> |                              |                                     |                                       |                                    |                                       |                            |                        |               |                              |
| In aggregate       | 3,000,000                    | —                                   | —                                     | (3,000,000)                        | —                                     | —                          | 0.127                  | 29/06/2017    | 29/06/2017-28/06/2022 (Note) |
|                    | —                            | 100,000,000                         | —                                     | —                                  | —                                     | 100,000,000                | 0.103                  | 04/01/2022    | 04/01/2022-03/01/2025        |
| Subtotal           | 3,000,000                    | 100,000,000                         | —                                     | (3,000,000)                        | —                                     | 100,000,000                |                        |               |                              |
| Total              | 33,300,000                   | 100,000,000                         | —                                     | (33,300,000)                       | —                                     | 100,000,000                |                        |               |                              |

*Note:*

Not more than 30% of the share options has been vested on 29 June 2018. Not more than 60% of the share options has been vested on 29 June 2019. Not more than 100% of the share options has been vested on 29 June 2020.

## OTHER INFORMATION

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

As at 30 June 2022, the following Directors or chief executives of the Company had held the following interests or short positions in the shares, underlying shares (as defined in the Securities and Futures Ordinance (the "SFO")) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

#### Long positions in the Company:

| Name of Directors       | Nature of interests                     | Number of issued ordinary shares held | Aggregate number of shares held | Approximate aggregate percentage of the issued share capital |
|-------------------------|---|---------------------------------------|---------------------------------|--|
| Lu Xing ("Mr. Lu")      | Beneficial owner                        | 574,968,000                           | 1,364,596,323                   | 20.21%   |
|                         | Held by controlled corporation          | 789,628,323<br>(Note 1)               |                                 |  |
| Gao Yongzhi ("Mr. Gao") | Held by controlled corporation (Note 2) | 578,700,000                           | 578,700,000                     | 8.57%  |
| Li Jia                  | Beneficial owner                        | 7,936,000                             | 7,936,000                       | 0.12%  |
| Song Bo                 | Beneficial owner                        | 275,240,000                           | 275,240,000                     | 4.08%  |
| Zhang Jie ("Mr. Zhang") | Beneficial owner                        | 198,658,000                           | 273,830,000                     | 4.06%  |
|                         | Held by spouse                          | 75,172,000<br>(Note 3)                |                                 |  |

#### Notes:

- 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.
- These 578,700,000 shares are held by Easy Team Investment Limited, which is incorporated in Hong Kong with limited liability and ultimately wholly owned by Mr. Gao through Prime Goal Developments Limited.
- These 75,172,000 shares are held by Ms. Yuan Xiaoling who is the spouse of Mr. Zhang.

## OTHER INFORMATION

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company held any interests or short positions in the shares, underlying shares (as defined in the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code.

### DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 30 June 2022, the following persons (other than Directors or chief executives of the Company) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

#### Long positions in the Company:

| Name of substantial shareholders of the Company | Nature of interests                                 | Number of issued ordinary shares/<br>underlying shares held | Aggregate number of shares held | Approximate aggregate percentage of the issued share capital |
|---|---|---|---------------------------------|--|
| Headwind Holdings Limited                       | Beneficial owner                                    | 680,000,000<br>(Note 1)                                     | 680,000,000                     | 10.07%   |
| Guo Zhen Bao                                    | Beneficial owner<br>Held by spouse                  | 184,622,032<br>196,408,000<br>(Note 2)                      | 381,030,032                     | 5.64%  |
| Choi Chung Lam ("Mr. Choi")                     | Beneficial owner<br>Held by controlled corporations | 3,500,000<br>536,052,000<br>(Note 3)                        | 539,552,000                     | 7.99%  |
| Prime Goal Developments Limited                 | Held by controlled corporation                      | 578,700,000<br>(Note 4)                                     | 578,700,000                     | 8.57%  |

## OTHER INFORMATION

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### 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 Jiyang who is the spouse of Mr. Guo Zhen Bao.
3. Of these 536,052,000 shares, 434,724,000 shares are held by HTHTIMES Limited and 101,328,000 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 liability 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 liability and ultimately wholly owned by Mr. Gao through Prime Goal Developments Limited.

Save as disclosed above, as at 30 June 2022, the Company had not been notified of any interests or short position being held by any substantial shareholder in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## CORPORATE GOVERNANCE

Throughout the Reporting Period, the Company has applied and complied with the code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules, save for the following deviation:

| <b>Code provision</b> | <b>Reasons for the non-compliance and improvement actions took or to be taken</b>  |
|-----------------------|--|
| F.2.2                 | Due to other business engagement, Mr. Lu Xing, the Chairman, was not able to present at the annual general meeting (“AGM”) held on 13 June 2022. However, Mr. Gao Yongzhi, the Chief Executive Officer and an executive director present at that AGM took the chair of that AGM to ensure an effective communication with the shareholders of the Company thereat. |

Following the appointment of Mr. Gao as an executive Director (i.e. 25 February 2022) and prior to the resignation of Mr. Hu Dingdong as an executive Director becoming effective (i.e. 28 February 2022), the number of independent non-executive Directors falls short of the minimum number required under Rule 3.10A of the Listing Rules, which requires the number of independent non-executive directors representing at least one-third of the board.

Starting on 28 February 2022, after the resignation of Mr. Hu Dingdong as an executive Director became effective, the Board comprise nine members including six executive Directors and three independent non-executive Directors. Accordingly, the Company is in compliance with the requirement under Rule 3.10A of the Listing Rules.

## OTHER INFORMATION

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### COMPLIANCE WITH MODEL CODE

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

### DIRECTORS' INTEREST IN COMPETING INTEREST

None of the Directors nor their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Reporting Period.

### 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. Li Jia as an executive Director has been renewed for the period from 1 August 2022 to 31 July 2025.

The term of Mr. Zhang Jie as an executive Director has been renewed for the period from 25 June 2022 to 24 June 2023.

The term of Mr. Song Bo as an executive Director has been renewed for the period from 25 June 2022 to 24 June 2023.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently does not have any future plans for material investments or capital assets.

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

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

### 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.

## OTHER INFORMATION

As at 30 June 2022, the Group has three financial assets at fair value through other comprehensive income and one financial asset at fair value through profit or loss with details as follows:

|              |              | Number of shares held | Investment cost<br>(RMB'000) | Percentage of interest held | Measured at fair value as at 31 December 2021<br>(RMB'000) | Deregistered<br>(RMB'000) | Fair value change<br>(RMB'000) | Exchange realignment<br>(RMB'000) | Measured at fair value as at 30 June 2022<br>(RMB'000) |
|--------------|--------------|-----------------------|------------------------------|-----------------------------|--|---------------------------|--------------------------------|-----------------------------------|--|
|              | <i>Notes</i> |                       |                              |                             |  |                           |                                |                                   |  |
| Investment A | (a)(f)       | N/A                   | 38,000                       | 19.8%                       | 28,000   | —                         | (4,000)                        | —                                 | 24,000   |
| Investment B | (b)(f)       | N/A                   | 25,000                       | 2.5%                        | 27,000   | —                         | (1,000)                        | —                                 | 26,000   |
| Investment C | (c)(f)       | N/A                   | 2,000                        | 4%                          | 400  | —                         | —                              | —                                 | 400  |
| Investment D | (d)          | N/A                   | 2,400                        | 19.4%                       | 1,421  | (428)                     | (993)                          | —                                 | —  |
| Investment E | (e)          | 50,000                | 3,243                        | 12.35%                      | 2,260  | —                         | —                              | 105                               | 2,365  |
| <b>Total</b> |              |                       | <b>70,643</b>                |                             | <b>59,081</b>  | <b>(428)</b>              | <b>(5,993)</b>                 | <b>105</b>                        | <b>52,765</b>  |

### Notes:

- (a) Investment A is a private company namely 北京國亞通寶科技有限公司 (“Guoya Tongbao”) incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During the Reporting Period, Guoya Tongbao was profit-making according to the management accounts. The management decided to hold the investment for medium or long-term strategic purpose.
- (b) Investment B is a loan investment in a mutual insurance agency namely Xinmei Mutual incorporated in the PRC and is principally engaged in the provision of life insurance products in the PRC. During the Reporting Period, Xinmei Mutual was 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. Due to non-fulfillment of certain conditions precedent in the transfer agreement, the transfer of loan investment lapsed on 23 March 2022. Afterward, the management decided to hold the investment for medium or long-term strategic purpose.
- (c) Investment C is a private company namely 北京亞格斯科技發展有限公司 (“Yagus”) incorporated in the PRC and is principally engaged in the operation of a technology platform and offering online payment solutions. During the Reporting Period, Yagus was profit-making according to the management accounts. The management decided to hold the investment for medium or long-term strategic purpose.

## OTHER INFORMATION

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- (d) Investment D is a private company namely 北京創聯恆通信息服務有限公司 (“Hengtong”) incorporated in the PRC and is principally engaged in information technology consulting services. During the Reporting Period, the management of Hengtong decided to deregister it due to the continue loss-making in the past few years. The deregistration process was completed at the end of the Reporting Period and a loss on deregistration of financial asset at FVTOCI of RMB428,000 was recognised.
- (e) Investment E is a private company namely Flying Global (HK) Limited (“Flyover HK”) incorporated in Hong Kong and is principally engaged in investing in cultural innovation industry in the Greater China region. The financial performances of Flyover HK as at 31 December 2021 and 30 June 2022 were referenced to the respective reports from the manager of Flyover HK. The management will continue to hold the investment and expect a high yield in the new future.
- (f) Investment A, Investment B and Investment C are collectively referred to as the “Investments”. As at 31 December 2021 and 30 June 2022, the Investments were measured at fair values. The Group engaged an independent external expert to determine the fair values of the Investments as at 31 December 2021 and 30 June 2022. The fair values of the Investments were determined using the market approach by applying market multiples from comparable companies and adjusted by marketability discount.

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

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

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

## DIVIDEND

The Directors do not declare the payment of an interim dividend for the six months ended 30 June 2022.

## OTHER INFORMATION

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### EVENT AFTER THE REPORTING PERIOD

On 4 August 2022, a subsidiary of the Group had entered into a sale and purchase agreement with Mr. Pan, a connected person of the Company at the subsidiary level, for the Disposal of Leading Fortune Global. The disposal transaction is in progress as at the date of this report. Details of Disposal of Leading Fortune Global were set out in the announcement of the Company dated 4 August 2022.

Save as disclosed above, no significant events affecting the Group have occurred since the end of the reporting period.

### AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) currently consists of three independent non-executive Directors, namely, Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping. The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for the Reporting Period, and was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 26 August 2022

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