



**CHINA E-LEARNING GROUP LIMITED**  
**中國網絡教育集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 08055)

**2014 FIRST QUARTERLY RESULTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2014**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “Directors”) of China E-Learning Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## RESULTS

The board (the “Board”) of directors (“Directors”) of China E-Learning Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2014, together with the comparative unaudited figures of the corresponding period in 2013, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited)	
		Three months ended	
		31 March	
	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>12,555</b>	11,923
Cost of goods sold and services provided		<u><b>(3,450)</b></u>	<u>(3,484)</u>
Gross profit		<b>9,105</b>	8,439
Other income	4	<b>40</b>	–
Selling expenses		–	(775)
Administrative expenses		<b>(6,600)</b>	(5,743)
Other expenses		–	(35)
<b>Profit from operations</b>		<b>2,545</b>	1,886
Finance costs, net	5	<u><b>(3,011)</b></u>	<u>(2,339)</u>
<b>Loss before tax</b>		<b>(466)</b>	(453)
Income tax	6	<u>–</u>	<u>–</u>
<b>Loss for the period</b>		<u><b>(466)</b></u>	<u>(453)</u>
<b>Attributable to:</b>			
Owners of the Company		<b>(4,410)</b>	(5,914)
Non-controlling interests		<b>3,944</b>	5,461
		<u><b>(466)</b></u>	<u>(453)</u>
<b>Loss per share attributable to owners of the Company (HK cents)</b>	7		
– Basic		<b>(0.27)</b>	(0.40)
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	Three months ended	
	31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss for the period</b>	<b>(466)</b>	<b>(453)</b>
<b>Other comprehensive income for the period</b>		
Exchange differences arising on translation of foreign operations	(615)	(261)
Changes in fair value of available-for-sale financial assets	–	33
Reclassification adjustments for losses on the disposal of available-for-sale financial assets included in profit	–	35
	<hr/>	<hr/>
<b>Total comprehensive loss for the period</b>	<b>(1,081)</b>	<b>(646)</b>
<b>Attributable to:</b>		
Owners of the Company	(5,025)	(4,815)
Non-controlling interests	3,944	5,461
	<hr/>	<hr/>
	<b>(1,081)</b>	<b>(646)</b>
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## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The Group is principally engaged in the provision of an internet platform for the facilitation of education program in Chinese medicine and other advisory and training programs.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 31 March 2014 have been prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretations (the "standards") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

The basis of preparation and accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the Group's annual financial statements for the year ended 31 December 2013. The condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee (the "Audit Committee") of the Company.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting periods beginning on or after 1 January 2013. The adoption of these new and revised standards, amendments and interpretations does not have significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

The Group has not early adopted the new and revised standards that have been issued but are not yet effective. The directors anticipate that the application of the new and revised standards will have no material impact on the results and financial position of the Group.

### 3. TURNOVER

Turnover represents revenue of the Group from the provision of distance learning programs and education consultation.

### 4. OTHER INCOME

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income	21	–
Sundry income	19	–
	<hr/>	<hr/>
	<b>40</b>	<b>–</b>
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## 5. FINANCE COSTS

Finance costs represent interest expenses on financial liabilities measured at amortised cost.

## 6. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not generate any taxable profits in Hong Kong for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods. No provision for PRC enterprise income tax has been made as the subsidiary that generated income for the period is a tax-exempted entity in the PRC.

## 7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unaudited loss for the period for the purposes of basic and diluted loss per share	<u><b>(4,410)</b></u>	<u><b>(5,914)</b></u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><b>1,622,889,569</b></u>	<u><b>1,471,878,902</b></u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u><b>N/A</b></u>	<u><b>N/A</b></u>

No diluted loss per share has been presented for both periods ended 31 March 2013 and 2014 because the Company's outstanding shares options and convertible notes during the three months ended 31 March 2014 had an anti-dilutive impact.

## 8. DIVIDEND

The Directors do not recommend payment of any dividend for the three months ended 31 March 2014. (2013: nil).

## 9. MOVEMENT OF RESERVES (UNAUDITED)

	Share premium <i>HK\$'000</i>	Share-based payment reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Convertible notes Equity reserve <i>HK\$'000</i>	Available- for-sale financial assets valuation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	<u>176,650</u>	<u>14,494</u>	<u>11,150</u>	<u>17,116</u>	<u>(393)</u>	<u>(981,563)</u>	<u>(762,546)</u>
Loss for the period	-	-	-	-	-	(5,914)	(5,914)
Other comprehensive loss	-	-	(261)	-	33	2,524	2,296
Total comprehensive loss for the period	-	-	(261)	-	33	(3,390)	(3,618)
Redemption of convertible notes	-	-	-	(207)	-	-	(207)
Subtotal	-	-	-	(207)	-	-	(207)
At 31 March 2013	<u>176,650</u>	<u>14,494</u>	<u>10,889</u>	<u>16,909</u>	<u>(360)</u>	<u>(984,953)</u>	<u>(766,371)</u>
At 1 January 2014	<u>-</u>	<u>19,199</u>	<u>11,575</u>	<u>16,284</u>	<u>-</u>	<u>(310,480)</u>	<u>(263,422)</u>
Loss for the period	-	-	-	-	-	(4,410)	(4,410)
Other comprehensive loss	-	-	(615)	-	-	-	(615)
Total comprehensive loss for the period	-	-	(615)	-	-	(4,410)	(5,025)
Redemption of convertible notes	-	-	-	(274)	-	-	(274)
Subtotal	-	-	-	(274)	-	-	(274)
At 31 March 2014	<u>-</u>	<u>19,199</u>	<u>10,960</u>	<u>16,010</u>	<u>-</u>	<u>(314,890)</u>	<u>(268,721)</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

The Group's turnover for the three months' period was 5.3% more than the same period last year. The medical education core business remains stable and the management expects the business continue to improve.

In an attempt to expand its income stream and diversify its business spectrum, the Company has acquired the entire share capital of Everjoy Technology Corporation and Everjoy International Media Corporation ("Everjoy") in December 2012. However the performance of Everjoy was unsatisfactory to the Group. It is expected that the profit of Everjoy will not be greatly improved unless substantial resources are allocated thereto.

In view of the above, it is decided to dispose of Everjoy. On 31 October 2013 (after trading hours), the Company entered into the agreement with the purchaser pursuant to which the Company has agreed to sell, and the purchaser has agreed to purchase, the entire share capital of the Everjoy at the consideration, which was determined based on the fair values of Everjoy assessed by Roma Appraisals Limited, an independent professional valuer jointly appointed by the parties to the agreement. On 27 February 2014, the consideration has been fixed to RMB20,600,000 (equivalent to approximately HK\$26,368,000). The completion of the disposal took place on 12 March 2014.

### FINANCIAL REVIEW

For the three months ended 31 March 2014, the Group recorded revenue of approximately HK\$12,555,000 (2013: HK\$11,923,000) representing tuition fee revenue and sales of educational products. Gross profit was approximately HK\$9,105,000 (2013: HK\$8,439,000), representing a gross profit margin of 72.5% (2013: 70.8%) for the period under review.

During the period, cost of goods sold and services provided was approximately HK\$3,450,000 (2013: HK\$3,484,000) representing the direct wages and overheads incurred in the distance learning courses.

Other income for the period under review amounted to approximately HK\$40,000 (2013: nil), representing an interest income of approximately HK\$21,000 (2013: nil) and a sundry income of approximately HK\$19,000 (2013: nil).

Administrative expenses for the period under review were approximately HK\$6,600,000 (2013: HK\$5,743,000), of which staff related costs were approximately HK\$2,809,000 (2013: HK\$2,339,000). Other major expenses include rental, which was approximately HK\$636,000 (2013: HK\$726,000); consultancy fees, which were approximately HK\$1,121,000 (2013: HK\$758,000); and depreciation charges, which were approximately HK\$391,000 (2013: HK\$317,000) during the period under review.

Finance costs during the period were approximately HK\$3,011,000 (2013: HK\$2,339,000), and the consolidated loss for the period was approximately HK\$466,000 (2013: a loss of HK\$453,000).

## **OUTLOOK**

The Group's existing e-learning business will remain the core business and main cash generator in the near future. This business is expected to grow in a rather stable manner.

As usual, the Group will implement certain cost-effective measures to streamline the operation so as to enhance the profitability and value of this e-learning business. The Company will continue to look for opportunities for our existing business, particularly in developing both vertically and horizontally within the Group's existing medical education platform, expanding further into our service network, increase the shareholders' value and reduce business risk.

In addition, the Company will continue to look for other attractive investments in the PRC and locally in an attempt to diversify into different business areas to reduce the reliance upon existing e-learning business and strengthen the positive cash flow and earnings for the Group in the long run.

### **Share capital**

As at 1 January 2014, the authorised share capital of the Company was HK\$5,000,000,000 divided into 50,000,000,000 shares of HK\$0.10 each and the issued share capital of the Company was approximately HK\$161,422,290 divided into 1,614,222,902 shares of HK\$0.10 each.

On 21 February 2014, 20,000,000 shares of HK\$0.1 each of the Company were issued upon exercise of share options.

As at 31 March 2014, the authorised share capital of the Company was HK\$5,000,000,000 divided into 50,000,000,000 shares of HK\$0.10 each and the issued share capital of the Company was approximately HK\$163,422,290 divided into 1,634,222,902 shares of HK\$0.10 each.

### **Convertible Notes**

#### *Convertible Notes 2011*

The Group had reached several agreements with the holders of the Convertible Notes 2008 which became mature on 28 February 2011, and issued a promissory note for approximately HK\$50 million for a settlement. In order to be able to raise sufficient fund for the settlement, the Group issued two tranches of convertible notes ("Convertible Notes 2011 A") on 9 May 2011 and ("Convertible Notes 2011 B") on 11 May 2011.

The aggregate principal of Convertible Notes 2011 A amounted to HK\$89,999,934, bearing an interest of 1% per annum, maturing in 36 months from the date of issue, and convertible into ordinary shares at conversion price of HK\$0.50 per share, subject to adjustments.

The aggregate principal of Convertible Notes 2011 B amounted to HK\$36,200,000, bearing an interest of 1% per annum, maturing in 6 months from the date of issue, and convertible into ordinary shares at conversion price of HK\$0.50 per share, subject to adjustments. On 11 November 2011, the maturity date was successfully postponed for another 6 months to 11 May 2012. Upon maturity, the principal amount together with the interests due were fully settled by a promissory note.

As at both 1 January 2014 and 31 March 2014, the outstanding principal amount of the Convertible Notes 2011 A was HK\$29,999,934. The exercise in full of the vested conversion rights would result in the issue and allotment of 59,999,868 new shares of the Company.



On 21 July 2011, the Group entered into a subscription agreement with a group of independent subscribers for the issuance of some convertible notes in the aggregate principal amount of HK\$42,000,000, bearing an interest rate of 3% per annum, maturing in 12 months from the date of issue, and convertible into ordinary shares at conversion price of HK\$0.50 per share, subject to adjustments. Subsequently, the Group issued two tranches of convertible notes (“Convertible Notes 2011 C”) on 25 August 2011 for the principal amount of HK\$19,500,000 and (“Convertible Notes 2011 D”) on 14 September 2011 for the principal amount of HK\$22,500,000. Of which, tranche C was fully converted in 2011. On 10 September 2012, the maturity date of the tranche D was postponed for another 6 months to 7 March 2013. On 7 March 2013, the maturity date of the tranche D was further postponed for 12 months to 6 March 2014.

As at 1 January 2014, the outstanding principal amount of the Convertible Notes 2011 D was HK\$12,800,000. The exercise in full of the vested conversion rights would result in the issue and allotment of 25,600,000 new shares of the Company.

On 6 March 2014, the Company has redeemed one of the Convertible Notes 2011 D with the principal amount of HK\$10,000,000 in accordance with notice from the holder. The Company is contacting the holder of the Convertible Notes 2011 D with the principal amount of HK\$2,800,000 in order to settle the convertible notes. As at 31 March 2014, the Company has not received any reply or notice from the holder and the Company has the funds available for redemption.

#### *Convertible Notes 2012*

Pursuant to the acquisition of 100% interest in Everjoy Technology Development Corporation, the Company issued convertible notes (“ETCN-1, and ETCN-2”) as partial settlement of the acquisition consideration on 20 December 2012. The aggregate principal of the ETCN-1 and ETCN-2 amounted to HK\$9,611,906, bearing an interest of 1% per annum, maturing in 36 months from the date of issue, and convertible into ordinary shares at conversion price of HK\$0.50 per share, subject to adjustments.

As at both 1 January 2014 and 31 March 2014, the aggregate outstanding principal amount of the ETCN-1 and ETCN-2 was HK\$9,611,906. The exercise in full of the vested conversion rights would result in the issue and allotment of 19,223,812 new shares of the Company.

Pursuant to the acquisition of 100% interest in Everjoy International Media Corporation, the Company issued convertible notes (“EICN-1, EICN-2 and EICN-3”) as partial settlement of the acquisition consideration on 20 December 2012. The aggregate principal of the EICN-1, EICN-2 and EICN-3 amounted to HK\$58,235,956, bearing an interest of 1% per annum, maturing in 36 months from the date of issue, and convertible into ordinary shares at conversion price of HK\$0.50 per share, subject to adjustments.

As at both 1 January 2014 and 31 March 2014, the aggregate outstanding principal amount of the EICN-1, EICN-2 and EICN-3 was HK\$58,235,956. The exercise in full of the vested conversion rights would result in the issue and allotment of 116,471,912 new shares of the Company.

#### *Convertible Notes 2014*

On 29 November 2013, the Company entered into a subscription agreement with a subscriber pursuant to which the Company has agreed to issue, and the subscriber has agreed to subscribe for the convertible notes (“CN2014-1”) with an aggregate principal amount of HK\$6,000,000 maturing in 12 months from the date of issue at 1% annual coupon rate which may be converted into 60,000,000 shares at the conversion price of HK\$0.10 per share (subject to adjustment). On the same day, the Company also entered into another subscription agreement with another subscriber pursuant to which the Company has agreed to issue, and the subscriber has

agreed to subscribe for the convertible notes (“CN2014-2”) with an aggregate principal amount of HK\$5,000,000 maturing in 12 months from the date of issue at 1% annual coupon rate, which may be converted into 50,000,000 shares at the conversion price of HK\$0.10 per share (subject to adjustment).

Furthermore, on 10 December 2013, the Company entered into a subscription agreement with a subscriber pursuant to which the Company has agreed to issue, and the subscriber has agreed to subscribe for the convertible notes (“CN2014-3”) with an aggregate principal amount of HK\$10,000,000 maturing in 12 months from the date of issue at 1% annual coupon rate, which may be converted into 100,000,000 shares at the conversion price of HK\$0.10 per share (subject to adjustment). On the same day, the Company also entered into another subscription agreement with another subscriber pursuant to which the Company has agreed to issue, and the subscriber has agreed to subscribe for the convertible notes (“CN2014-4”) with an aggregate principal amount of HK\$4,234,400 maturing in 12 months from the date of issue at 1% annual coupon rate, which may be converted into 42,344,000 shares at the conversion price of HK\$0.10 per share (subject to adjustment). On 19 December 2013, the conversion rights attaching to CN2014-3 and CN2014-4 have been exercised in full and hence 142,344,000 shares have been issued.

As at both 1 January 2014 and 31 March 2014, the aggregate outstanding principal amount of the CN2014-1 and CN2014-2 was HK\$11,000,000. The exercise in full of the vested conversion rights would result in the issue and allotment of 110,000,000 new shares of the Company.

### **Foreign exchange exposure**

Most of the Group’s assets, liabilities and transactions are denominated in Hong Kong dollars and Renminbi. As the exchange rate between Hong Kong dollars and Renminbi is relatively stable and the expenditure in the People’s Republic of China (“PRC”) was covered by the sales in the PRC, the management considers that the Group has no significant foreign exchange exposures. Foreign exchange risk arising from the normal course of operations is considered to be minimal. As at 31 March 2014, the Group has no foreign currency borrowings and has not used any financial instrument for hedging the foreign exchange risk.

### **Significant investments**

For the three months ended 31 March 2014, no significant investments were made by the Group.

### **Charges on the Group’s assets**

There were no material charges on the Group’s assets as at 31 March 2014.

### **SUBSEQUENT EVENTS**

On 9 May 2014, the Company and the Subscribers entered into the Subscription Agreements pursuant to which the Subscribers have agreed to subscribe for, and the Company has agreed to issue, the Convertible Notes in the aggregate principal amount of HK\$42,399,932 maturing in 24 months from the date of issue at 1% annual coupon rate, such that the subscription moneys payable in connection with the Subscription of such Convertible Notes would be set-off against the moneys payable by the Company for redeeming the CN2011A in accordance with the Payment Arrangement Deed and against the Indebtedness owing by the Company to the Existing P-note Holders at Completion.

The Conversion Price is HK\$0.13 per Share, which is subject to adjustments for, among other matters, consolidation, reduction or subdivision of Shares, capitalization of profits or reserves, rights issue, or issue of convertible securities, warrants or options carrying the right to subscribe for Shares. Assuming the conversion rights attaching to the Convertible Notes are exercised in full at the Conversion Price, a maximum of 326,153,321 Conversion Shares will be allotted and issued. The Conversion Shares, upon issue, shall rank pari passu in all respects with the Shares then in issue.

For details, please refer to the announcement of the Company dated 9 May 2014.

## **DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS**

As at 31 March 2014 the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

### **Long positions in shares or underlying shares of the Company**

<b>Name of Directors and chief executive</b>	<b>Capacity</b>	<b>Number of shares or underlying shares held</b>			<b>Percentage of issued share capital</b>
		<b>Ordinary Share</b>	<b>Shares Options</b>	<b>Total</b>	
Yuan Wei ( <i>Director</i> )	Beneficial owner	–	10,000,000	10,000,000	0.61%
Wang Hui ( <i>Chief Executive Officer</i> )	Beneficial owner	–	6,377,306	6,377,306	0.39%
Li Xiangjun ( <i>Director</i> )	Beneficial owner	313,590	6,712,954	7,026,544	0.43%

*Note:* Mr. Chen Hong was an executive director until his resignation with effect from 14 February 2014 as disclosed in the announcement of the Company dated 14 February 2014. He held less than 5% of the total share capital of the Company in issue as at 31 March 2014.

Save as disclosed above, as at 31 March 2014, none of the other Directors or chief executive of the Company had any interest or short position in shares, debentures or underlying shares of the Company and its associated corporations which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## INTERESTS DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2014, so far as known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

### Long positions in shares or underlying shares of the Company

Name of Shareholder	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Yang Dong Jun	Beneficial owner	207,554,896	12.70%
Atlantis Capital Holdings Limited	Investment manager	105,002,000	6.43%
Liu Yang ( <i>note</i> )	Interest of a controlled corporation	105,002,000	6.43%
Lau Tsz Fui	Beneficial owner	100,000,000	6.12%

*Note:* According to the disclosure of interests notice filed, Ms. Liu Yang is deemed to be in control of Atlantis Capital Holdings Limited, Ms. Liu Yang is deemed to be interested in the 105,002,000 shares of the Company.

Save as disclosed above, as at 31 March 2014, the Directors were not aware of any other persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO.

## CORPORATE GOVERNANCE

For the period under review, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 in the GEM Listing Rules.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors, substantial shareholders of the Company and their respective associates had any interest in any business that directly or indirectly competed or might compete with the business of the Group.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the three months ended 31 March 2014.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also made specific enquiry with all Directors, and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Director during the period under review.

### **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference for the purpose of reviewing and supervising the Company's financial reporting and internal control procedures. As at 31 March 2014, the committee comprised three independent non-executive Directors, namely Dr. Huang Chung Hsing, Mr. Li Qunsheng and Ms. Li Ya Ru Nancy.

The Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2014 have been reviewed by the audit committee, which were of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

### **REMUNERATION COMMITTEE**

The remuneration committee of the Company was established on 23 March 2005 with major functions of (i) making recommendations to the Board on the Company's policies and structure for the remuneration of Directors and senior management of the Group; and (ii) determining the remuneration packages of all Directors and senior management of the Group; and (iii) reviewing and approving the performance-based remuneration. The remuneration committee of the Company is chaired by Mr. Yuan Wei. Other members include Mr. Li Qunsheng and Ms. Li Ya Ru Nancy. The majority of the members of the remuneration committee are independent non-executive directors.

### **NOMINATION COMMITTEE**

The nomination committee of the Company was established on 23 March 2012. The function of the nomination committee is to identify individual suitably qualified to become director and make recommendation to the Board on the appointment, re-appointment and re-designation of directors. The nomination committee of the Company is chaired by Mr. Yuan Wei. Other members include Mr. Li Qunsheng and Dr. Huang Chung Hsing. The majority of the members of the nomination committee are independent non-executive directors.

By order of the Board  
**China E-Learning Group Limited**  
**Yuan Wei**  
*Executive Director*

Hong Kong, 13 May 2014

*As at the date of this announcement, the Board comprises one executive director, namely Mr. Yuan Wei; one non-executive director, namely Mr. Li Xiangjun; and three independent non-executive directors, namely Dr. Huang Chung Hsing, Mr. Li Qunsheng and Ms. Li Ya Ru Nancy.*