基石金融控股有限公司
CORNERSTONE FINANCIAL HOLDINGS LIMITED

(formerly known as Focus Media Network Limited)
（前稱Focus Media Network Limited）
(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock Code 股份代號：8112

年度報告
ANNUAL REPORT
2017

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*This report, for which the directors (the "**Directors**") of Cornerstone Financial Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") 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 report is accurate and complete in all material respects and not misleading or deceptive; there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Liu Xiaodong *(Chairman)*
(appointed on 12 January 2018)
An Xilei *(Deputy Chairman) (Note)*
Wong Hong Gay Patrick Jonathan *(CEO)*
Mock Wai Yin
Wang Jun
Chen Xiaoping (resigned on 31 January 2018)
Lam Hoi Yu Nicki (resigned on 12 January 2018)

Note: Mr. An Xilei was the Chairman up to his re-designation as the Deputy Chairman on 12 January 2018

Independent Non-Executive Directors

Chan Chi Keung Alan
Lee Chi Hwa Joshua
Lau Mei Ying

AUDIT COMMITTEE

Lee Chi Hwa Joshua *(Chairman)*
Chan Chi Keung Alan
Lau Mei Ying

NOMINATION COMMITTEE

Lee Chi Hwa Joshua *(Chairman)*
Chan Chi Keung Alan
Lau Mei Ying

REMUNERATION COMMITTEE

Lee Chi Hwa Joshua *(Chairman)*
Chan Chi Keung Alan
Lau Mei Ying

CORPORATE GOVERNANCE COMMITTEE

Liu Xiaodong *(Chairman)*
(appointed on 12 January 2018)
Mock Wai Yin
(re-designated from the Chairman to a member on 12 January 2018)
Lam Hoi Yu Nicki (resigned on 12 January 2018)
Lau Mei Ying

EXECUTIVE COMMITTEE *(Note)*

Liu Xiaodong *(Chairman)*
An Xilei
Wang Jun

Note: establishment and appointment of all existing members on 26 March 2018

COMPLIANCE OFFICER

Mock Wai Yin (appointed on 12 January 2018)
Lam Hoi Yu Nicki (resigned on 12 January 2018)

COMPANY SECRETARY

Chan Sau Chee

AUTHORIZED REPRESENTATIVES

Liu Xiaodong (appointed on 12 January 2018)
Mock Wai Yin
Lam Hoi Yu Nicki (resigned on 12 January 2018)

AUDITORS

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

LEGAL ADVISOR

Li & Partners
22/F, World-Wide House
Central, Hong Kong

REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2703, 27th Floor,
China Resources Building, 26 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KYI-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

COMPANY'S WEBSITE

www.cs8112.com

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

8112

FINANCIAL SUMMARY

	For the year ended 31 December				
	2017	2016	2015	2014	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
RESULTS					
Revenue	**92,883,100**	80,646,748	72,306,609	76,304,823	72,253,333
(Loss)/Profit for the year	**(62,127,398)**	(20,430,775)	(18,936,258)	(13,192,850)	4,016,035
Attributable to:					
Owners of the Company	**(52,706,931)**	(19,460,622)	(18,139,328)	(13,003,482)	4,016,035
Non-controlling interests	**(9,420,467)**	(970,153)	(796,930)	(189,368)	–

	As at 31 December				
	2017	2016	2015	2014	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
ASSETS AND LIABILITIES					
Total assets	**446,957,634**	287,046,724	222,585,301	79,056,327	90,502,180
Total liabilities	**(29,235,438)**	(47,533,641)	(93,887,346)	(19,095,021)	(16,646,693)
Net assets	**417,722,196**	239,513,083	128,697,955	59,961,306	73,855,487

BUSINESS REVIEW AND PROSPECTS

During the year ended 31 December 2017 (the "Financial Year"), Cornerstone Financial Holdings Limited (formerly known as Focus Media Network Limited) (the "Company") and its subsidiaries (collectively the "Group") were principally engaged in (i) financial services including securities brokerage services and margin financing services; (ii) provision of out-of-home ("OOH") advertising services; and (iii) film development, production and distribution. The Group also engaged in the retail of skin care products and the provision of early childhood education. For the Financial Year, the advertising and media business remained the main contributor to the Group's revenue, accounted for approximately 82% of the Group's consolidated revenue. Meanwhile, the financial services business has experienced a significant growth in turnover which reached approximately HK$8 million during the Financial Year (2016: HK$39,000). The Group also supported the development of the financial services business with an injection of working capital derived from the proceeds from the rights issue (the "Rights Issue") completed in September 2017 to develop the Group's margin financing business. The details of the Group's principal businesses are as follows:

Securities brokerage

On 26 November 2016, the Group acquired Glory Creator Limited ("GCL") and its non-wholly owned subsidiary, Cornerstone Securities Limited ("CSL" and together with GCL, the "GCL Group") (the "Acquisition"). CSL is a corporation licensed by the Securities and Futures Commission (the "SFC") to conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). During the Financial Year, CSL was principally engaged in the provision of securities brokerage and margin financing services, with a focus on securities trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

After completion of the Acquisition in November 2016, the Company began to develop the financial services business operated by CSL. Following the launch of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, it was expected that the securities market in Hong Kong would benefit from such mutual market access schemes which would facilitate inflow of capital into the securities market in Hong Kong and have a positive impact to the stock market turnover in the long run. The Group was aware of the opportunities offered by such schemes, and invested substantial capital and resources on developing CSL's securities brokerage business so it would be in a position to benefit from increased turnover in the stock market.

CSL was granted authorisation from the SFC to provide margin financing services in March 2017, and thereafter began to slowly roll out its margin financing business with the Group's internal resources.

In order to strengthen the financial resources of the Group and to raise the capital required to develop the securities and margin financing business, the Company conducted the Rights Issue on the basis of four rights shares for every one existing share at the subscription price of HK$0.23 per rights share to raise net proceeds of approximately HK$204 million, out of which not more than approximately HK$138 million would be applied towards further capital injection into CSL to accelerate the business growth of CSL and expansion of the securities brokerage business. The Rights Issue was completed in September 2017 and thereafter, the Company injected HK$138 million to CSL to develop its margin financing business. For details of the Rights Issue, please refer to the Company's announcements dated between 29 June 2017 and 21 September 2017 (collectively the "Rights Issue Announcements"), the circular dated 3 August 2017 and the prospectus dated 31 August 2017.

For the Financial Year, the total revenue from the securities brokerage business amounted to approximately HK$8 million including the interest income from margin financing totalling approximately HK$5 million. As at 31 December 2017, the total net assets of CSL's client accounts amounted to approximately HK$2,800 million and the net assets for margin account clients and cash account clients were approximately HK$1,000 million and HK$1,800 million respectively. Margin loan financing totalling approximately HK$152 million was granted to margin account clients with aggregate net assets of approximately HK$609 million in their respective securities accounts, representing the margin loan to net assets ratio of about 25%.

The management of the Group (the "Management") believes that CSL has an excellent client base with sound financial knowledge and experience in financial investments, as well as appetite for investment products with steady capital appreciation and medium to high risks financial products. This would allow CSL to not only further develop its margin financing business, but potentially introduce financial products other than listed securities such as funds. CSL has also assembled a strong team of seasoned financial professionals with solid experience in securities trading and advising. The proceeds from the Rights Issue provided CSL with the capital resources needed to develop the margin financing business further. In addition, CSL was granted Type 4 (advising on securities) license by SFC in February 2018.

With the above in mind, the Management's plan for the year 2018 is to realise CSL's full potential, in the manner elaborated under the heading "Future prospects" below.

Backed by the experienced management team and its sound reputation in the industry, the Directors are optimistic that securities brokerage and margin financing businesses will continue to widen its customer base through the extensive business platform and will enlarge its presence in the industry with advantage synergies aiming to optimize returns to the Company and its shareholders (the "Shareholders").

Advertising and media business

The Group is a well established digital OOH media company in Hong Kong and Singapore, with an operating history since April 2004. It had pioneered the concept of creating a sizeable network of flat-panel displays in elevator lobbies of office and commercial buildings to sell advertisement. In terms of the number of venues in which the Group deploys its digital flat-panel displays, the Group is the largest digital OOH media company in Hong Kong and Singapore. As of 31 December 2017, the Group has deployed its flat-panel displays at 1,615 venues in Hong Kong and Singapore.

The number of venues in which the Group deployed its flat-panel over the corresponding period of the previous year is shown as follows:

Region	**Network**	**2017**	2016
Hong Kong	Office and Commercial Network	**601**	604
Hong Kong	In-store Network (Mannings)	**240**	242
Hong Kong	Residential Network	**262**	221
Singapore	Office and Commercial Network	**512**	519
Total number of venues		**1,615**	1,586

As of 31 December 2017, the Group has deployed its branded flat-panel displays at 1,113 office and commercial buildings in Hong Kong and Singapore under its Office & Commercial Building digital OOH media network, and at 240 Mannings retail chain-stores in Hong Kong under its In-store digital OOH media network.

Further leveraging on the existing infrastructure and its relationships with Hong Kong's leading real-estate developers, the Group expanded its digital OOH media network at major private residential complexes (Residential digital OOH media network) in Hong Kong. As of 31 December 2017, the Group has deployed its branded flat-panel displays at 262 major private residential complexes in Hong Kong under its Residential digital OOH media network.

Under its OOH Billboard media network in Hong Kong, the Group continues to hold the exclusive advertising sales rights to both the Tsim Sha Tsui ("TST") Interchange Subways and the Middle Road Subway (total three subways); this underground transport hub beneath one of the busiest tourists and business districts in Hong Kong connects the TST MTR station and the East TST MTR station. In addition, the Group continues to hold the exclusive advertising sales rights to the billboard along the super-long pedestrian walkway leading to Knutsford Terrace at TST. Knutsford Terrace has been dubbed the "Lan Kwai Fong" of Kowloon, a popular dining/nightlife place and an entertainment hub in the heart of TST, with a strip of international/local restaurants and bars catering to both locals and tourists.

The Group also holds the exclusive advertising sales rights to a billboard on the rooftop and sidewall of the pedestrian subway between Charter Road and Connaught Road Central in Hong Kong. This billboard is located right next to the iconic Mandarin Oriental Hotel at the heart of the Central District, the financial hub of Hong Kong; it faces all vehicle traffic passing through Central towards the east and west side of Hong Kong island.

Under its OOH Billboard media network in Singapore, the Group has recently entered a partnership with Galaxis, situated at One-North Buona Vista and secured the exclusive advertising sales rights for all media and event spaces. Galaxis is a state-of-the-art business space that offers the very best in contemporary urban living and retail activities within a central plaza. Sitting above One-North MRT Station, Galaxis is the gateway to all other commercial buildings within the One-North business hub, which is a 200 hectares development strategically positioned in the heart of Singapore, designed to host a cluster of world-class research facilities and business park space.

The Group continues to hold the exclusive advertising sales rights to a brand new billboard at AZ @ Paya Lebar building; centered within the districts of Paya Lebar, Ubi and Tai Seng; which is one of the busiest business and industrial hubs in Singapore, it faces heavy vehicle traffic at the cross junction of Paya Lebar Road, Ubi Avenue 2 and Circuit Link. Paya Lebar Road is also the main gateway to a major expressway where the exit and entry points are just 500 meters away. This billboard also targets foot-traffic flowing in and out of Mcpherson MRT station, which is directly opposite of AZ @ Paya Lebar building.

As well, the Group continues to hold the exclusive operating and advertising sales rights to the mega-size LED screen at One Raffles Place ("ORP"), fronting Raffles Green; ORP is one of the three tallest buildings in Singapore and is a beacon in the heart of Singapore's financial district. As well, the Group continues to hold the exclusive advertising sales rights (for static and digital) to the new walkway at Orchard Gateway. It forms part of the underpass that links directly to the Somerset MRT station and also to both sides of Orchard Road. Orchard Gateway is the one-and-only shopping mall that straddles both sides of Orchard Road and is linked by a glass tubular bridge and an underpass — forming a "gateway" to the bustling shopping belt in Singapore.

The Group also holds the exclusive advertising sales rights to a billboard at Fortune Center in Singapore; it is located in the middle of the bustling Bugis District and faces all vehicle traffic at the cross junction of Middle Road and Waterloo Street. The Group also holds the exclusive advertising sales rights to a large format LED illuminated billboard at The Arcade in Singapore as well as the exclusive sales rights to the venue for event marketing. The Arcade faces the busy Raffles Green, just above the Raffles MRT station, located right in the heart of Singapore's financial district.

Furthermore, the Group holds the exclusive advertising sales rights to a billboard on the façade of Furama City Centre Hotel in Singapore. This site is located in the heart of vibrant Chinatown, with a rich culture and long-standing history. The front lit large format billboard is visible to vehicle and human traffic along the extremely busy Eu Tong Sen Street and New Bridge Road.

The Group will continue to pursue the expansion of its digital OOH media networks, adding progressively one venue at a time as well as pursue new static OOH sites under its Static OOH billboard media network.

Film development, production and distribution

Since the founding of the Group in April 2004, the Group has been in the business of media, advertising and content production. In February 2012, the Group began its involvement in the production of micro-movies for leading gaming, integrated resorts, and tourism brands around the regions, for media placements on Youku Tudou Inc., the largest online television company in the People's Republic of China ("PRC" or "China"), and other leading online video portals and social media platforms in China. The Group has since been exploring possible strategies to further expand the Group's media business, as well as identifying and acquiring suitable investment or business projects related to the field of mass media, film production and distribution, new media content production and entertainment related projects. In view of the increasing needs for media contents in China due to the increasing popularity of social media networks, increasing number of IMAX cinemas and improved accessibility to media contents and also the outstanding box office records in relation to "superhero" genre of motion pictures worldwide, the Company has attempted to make a big step forward to expand its business scope and transform itself into a media content provider.

In August 2015, the Group successfully completed its first-ever acquisition in the film development, production and distribution sector, namely the acquisition of Ricco Media Investments Limited ("RMI") which indirectly held a 75% equity interest in Stan Lee Global Entertainment, LLC ("SLGE"). The remaining 25% of SLGE remained owned by POW! Entertainment, Inc., of which Mr. Stan Lee ("Stan") was the founder. SLGE was engaged in the business of film development, production and distribution and holds intellectual property rights for motion picture development in the form of concept, treatment and/or film script. Having witnessed the phenomenal success of Stan's superhero characters as well as the upcoming schedule of new releases of superhero motion pictures, the Company was confident that superhero motion pictures and Stan's superhero characters would remain in demand.

As of the end of the Financial Year, the Group owned intellectual property rights in three films in the script development phase, namely Realm (written by Alex Litvak of "The Three Musketeers" and "Predators"), The Annihilator (written by Jim Hecht of "Ice Age: Melt Down" and "Thundercats"), and Replicator & Antilight (written by Chris Shafer and Paul Vicknair of "Before We Go" and "Playing It Cool"). Since completion of acquisition of the rights in these films, the Group has been actively seeking collaborating partners, which are the studios in Hollywood and/or China to co-finance the funding necessary for the production of the films. In the Financial Year, the Group has not entered into any formal contractual agreement in relation to the production of these films. Among the potential investors with whom the Group had initiated contact, one China-based group showed interest in collaborating with the Group in developing one or two of the films. However, taking into account (i) the reduction in expected box office revenue due to increased competitiveness in the film industry; (ii) a proposed draft co-financing arrangement which led to a lower revenue sharing by the Group; and (iii) the delay in the progress of the film development, a provision for impairment of film deposits and rights amounting to approximately HK$37 million was incurred for the Financial Year.

FUTURE PROSPECTS

The Management believes the financial services segment of the Group has tremendous potential to develop into a sizeable financial corporation providing a wider range of financial products and services. While the Management will continue to operate and develop the advertising and media business, and continue the negotiation with the potential investors to finance the production of the films in which the Group owns rights, the Group will also focus on expanding CSL's financial services business and fully realising its potentials in 2018.

The Management considers it is crucial for CSL to improve its profitability by focusing on financial products and services which provide a higher profit margin than traditional securities brokerage services. The Management plans to implement a range of measures to improve client services and building customer loyalty to the "Cornerstone" brand, expand the client base further, aggressively promote CSL's margin financing services, and to start a new line of asset management services.

The proceeds raised by the Rights Issue has provided CSL with the capital resources required to expand its margin financing services. The Company completed the change of name to Cornerstone Financial Holdings Limited on 25 January 2018 in order to increase exposure of the "Cornerstone" brand name to the financial markets and potential clients in Hong Kong and China.

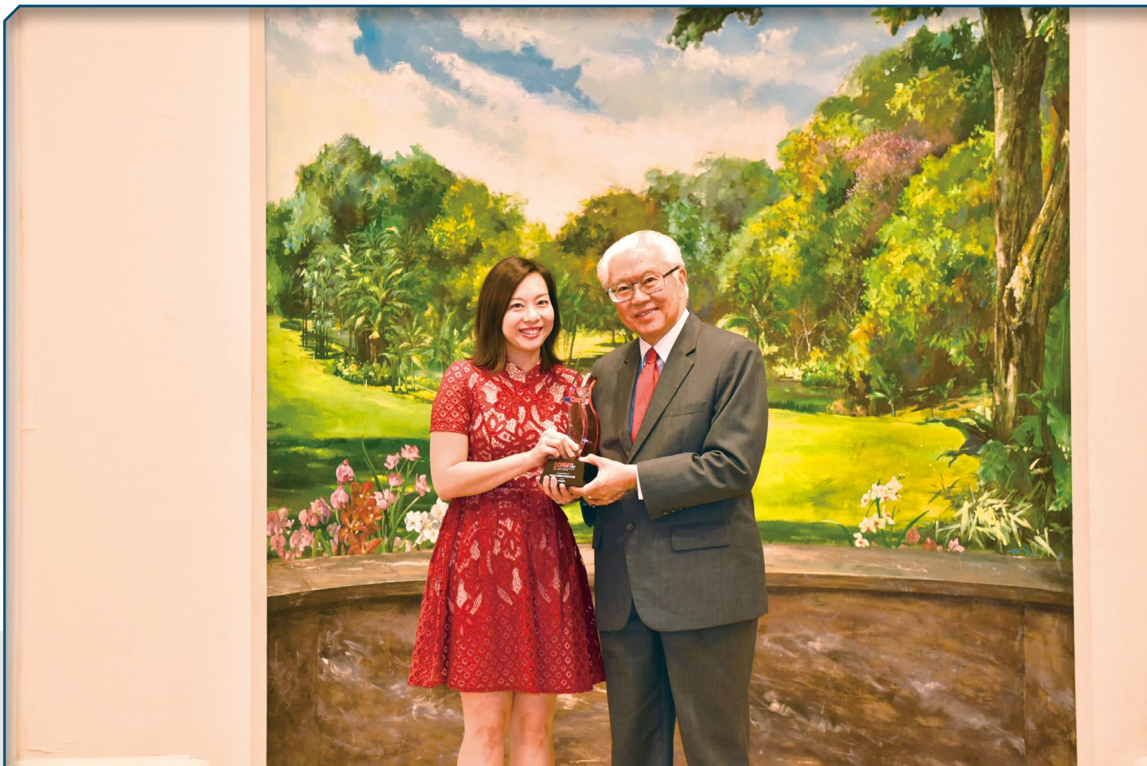
The Management is of the view that solely relying on securities trading and related services (including advisory and margin financing) for the financial services segment of the Group would expose the segment to fluctuations in the Hong Kong stock market and yet the business scale and potentials are limited to the capital and financial resources of the Group. To manage such risks, the Management has been working to start a new line of asset management business, which is expected to bring relatively stable management fee and performance fee income to the Group upon its launch.

The Group has employed qualified staff and submitted its application to SFC for a licence to conduct Type 9 (asset management) regulated activities through a subsidiary. As the application process is expected to take a few months, in the meantime the Group is committed to formulating the business strategies, developing detailed business plan and setting up organizational structure and policies related to the asset management business. The Management aims at having a solid platform established to enable the Group to rapidly expand into the asset management business upon the grant of the Type 9 license. In the meantime, the Management would also further develop the new "Cornerstone" brand name and strengthen its position as a premier financial service provider. The Management is confident that the Company would offer positive return to its Shareholders in the long run.

CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, the Group strives to improve society through community commitment. We continue to find ways to align citizenship initiatives on our platform and we take an active role in participating in various communities, charitable and national building events in Singapore and Hong Kong to help and support the local communities. Remarkable events in 2017 included:

1. Sponsorship of Chingay 2017 (Singapore)
2. Sponsorship of Singapore's National Day Parade 2017 (Singapore)
3. Sponsorship of Santa Run 2017 (Singapore)
4. Sponsorship of Food Angel 2017 (Hong Kong)
5. Sponsorship of Community Chest 2017 (Hong Kong)
6. Sponsorship of SPCA 2017 (Hong Kong)
7. Sponsorship of HK Breast Cancer Foundation 2017 (Hong Kong)



1 **Sponsorship of Chingay 2017 (Singapore)**

2 Sponsorship of Singapore's National Day Parade 2017 (Singapore)

3 Sponsorship of Santa Run 2017 (Singapore)

4 Sponsorship of Food Angel 2017 (Hong Kong)

5 Sponsorship of Community Chest 2017 (Hong Kong)

6 **Sponsorship of SPCA 2017 (Hong Kong)**

7 **Sponsorship of HK Breast Cancer Foundation 2017 (Hong Kong)**

FINANCIAL REVIEW

	2017	2016	2015	2014	2013
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Revenue	**92,883,100**	80,646,748	72,306,609	76,304,823	72,253,333
Gross profit	**54,670,842**	47,568,521	41,630,172	38,763,986	48,545,536
EBITDA *(Note)*	**(8,382,423)**	(10,031,487)	(6,656,831)	(6,405,116)	8,562,397
Net (loss)/profit	**(62,127,398)**	(20,430,775)	(18,936,258)	(13,192,850)	4,016,035

Note:

EBITDA represents earnings before finance costs, income tax, depreciation of property, plant and equipment, amortisation of equity-based compensation, share of profit/(loss) of an associate, impairment of interest in an associate, impairment of property, plant and equipment, provision for impairment of film deposits and rights, fair value gain/(loss) on financial asset at fair value through profit or loss, amortization of intangible assets and net of the total comprehensive loss for the year attributable to non-controlling interest. While EBITDA is commonly used in the advertising and media industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with Hong Kong Financial Reporting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.

The Group's revenue for the year ended 31 December 2017 was approximately HK$92.9 million, representing an increase of approximately 15.2% over the previous year.

The Group's gross profit for the year ended 31 December 2017 was approximately HK$54.7 million, representing an increase of approximately 14.9% over the previous year. Gross profit margin slightly decreased from approximately 59.0% to 58.9% due to the contribution from advertising and media business.

The Group's administrative expenses for the year ended 31 December 2017 were approximately HK$81.3 million, representing an increase of approximately 23.6% over the previous year. The increase in administrative expenses was mainly due to the office rental and remuneration of employees as well as the other operating expenses to cope with the business development of the Group. In addition, the fair value of the film deposits and rights significantly reduced and the provision for impairment loss of $37 million was recognised during the year ended 31 December 2017.

For the year ended 31 December 2017, the Group's negative EBITDA amounted to approximately HK$8.4 million as compared to the Group's negative EBITDA amounting to approximately HK$10.0 million for the previous year.

The Group recorded a loss attributable to owners of the Company of approximately HK$52.7 million for the year ended 31 December 2017 as compared to a loss attributable to owners of the Company of approximately HK$19.5 million for the previous year.

Completion of Rights Issue

On 22 September 2017, the Company completed a Rights Issue of four rights shares for every one existing share held by the Shareholders of the Company at the record date of 30 August 2017 at the subscription price of HK$0.23 per rights share and a total of 917,673,792 rights shares of the Company were issued. The Group raised gross proceeds of approximately HK$211 million from the Rights Issue. After deducting related expenses of approximately HK$7 million, net proceeds of approximately HK$204 million was received. For details of the Rights Issue, please refer to the Company's announcements dated between 29 June 2017 and 21 September 2017, its circular dated 3 August 2017 and prospectus dated 31 August 2017 respectively.

Liquidity and financial resources

During the Financial Year, the Group financed its daily operations with internally generated resources, short-term loans and net proceeds from the Rights Issue. For the year ended 31 December 2017, the Group has utilized approximately HK$45 million for full repayment of the principal amounts and accrued interests of the short term loan, and approximately HK$138 million as capital injection to CSL to develop its margin financing business.

As at 31 December 2017, the Group had net current assets of approximately HK$294 million (2016: HK$77 million) and cash and cash equivalents amounted to approximately HK$135 million (2016: HK$73 million), mainly attributable to net proceeds from the Rights Issue after full repayment of its short-term loans and accrued interests. The Group had no borrowings outstanding as at 31 December 2017.

To cope with the needs for business operations and development, particularly the securities brokerage business and the film projects, the Company will from time to time review its funding requirement and explore fund raising opportunities including but not limited to equity financing/debt financing opportunities in the market as and when required.

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over Shareholders' fund, was nil as at 31 December 2017 (2016: nil).

Foreign exchange

For the year ended 31 December 2017, the Group was exposed to foreign currency risk with respect to its operations in Singapore where most of the business transactions, assets and liabilities were denominated in Singapore dollars. Despite most of RMI Group's business transactions, assets and liabilities were denominated in US dollars, the foreign currency risk associated with RMI Group was not significant due to the linked exchange rate system. The Group will monitor its foreign currency exposure closely. During the year ended 31 December 2017, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital structure

The shares of the Company were listed on GEM of the Stock Exchange on 28 July 2011. The capital of the Company comprises ordinary shares and capital reserves. During the Financial Year, the Company proposed to increase the authorized share capital from HK$100 million to HK$500 million which was approved by the Shareholders during the extraordinary general meeting on 22 August 2017. Following to the completion of Rights Issue on 22 September 2017, the Company had 1,147,092,240 shares of HK$0.10 each in issue as at 31 December 2017. Please refer to sections headed "Completion of Rights Issue" and the Report of the Directors on page 46 for details of capital raising activity and changes in capital structure of the Company during the Financial Year.

Dividend

The Board does not recommend the payment of any dividend for the Financial Year (2016: Nil).

Information on employees

As at 31 December 2017, the Group had 112 employees (2016: 96 employees), including the executive Directors (the "Executive Directors"). Total staff costs (including Directors' emoluments) were approximately HK$44 million for the Financial Year (2016: HK$37 million). Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong and Central Provident Fund in Singapore as well as share options.

Significant investments held

Except for investment in subsidiaries, joint ventures and an associate, the Group did not hold any significant investment in equity interest in any company during the Financial Year.

Material acquisitions and disposals of subsidiaries and future plans for material investments

Save as disclosed herein, the Group did not make any material acquisition or disposal, nor had other plans for material investments and capital assets during the Financial Year.

Charges of assets

As at 31 December 2017, the Group did not have any charges on its assets (2016: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2017 (2016: Nil).

EXECUTIVE DIRECTORS

Mr. LIU Xiaodong, aged 55, was appointed as an Executive Director and the chairman of the Board on 12 January 2017. He was appointed as the chairman of the executive committee of the Company on 26 March 2018. Prior to joining the Company, Mr. Liu was an executive director of Huarong International Financial Holdings Limited ("HIFH"), a company listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 993), from 6 August 2015 to 13 April 2017. He acted as the Chief Executive Officer of HIFH during the period from 15 September 2015 to 12 June 2016. He was appointed as the chairman of the board of directors on 14 March 2016 up to his resignation on 13 April 2017. Prior to joining HIFH, Mr. Liu was a member of the senior management in China Huarong International Holdings Limited ("CHIH"), taking up the position of general manager of the business development department and deputy chief executive officer of CHIH. Before joining CHIH, Mr. Liu worked in various companies, taking management positions in Huarong Xiangjiang Bank (華融湘江銀行), China Citic Bank (中信銀行) and Ping An Bank (平安銀行). Mr. Liu obtained a master degree from Hunan Normal University in 1989 and has over 28 years' extensive experience in areas of banking, asset management and investment. Mr. Liu is primarily responsible for the overall strategic planning for business development of the Group.

Mr. AN Xilei, aged 37, was appointed as an Executive Director and the chairman of the Board on 1 December 2016. He ceased to act as the chairman but was appointed as the deputy chairman of the Board on 12 January 2018. He was appointed as a member of the executive committee of the Company on 26 March 2018. Mr. An is currently the chairman and chief executive officer of 鄭州金易誠投資有限公司 (Zhengzhou Jinyicheng Investment Limited*) in the PRC. Mr. An has extensive experience in business investments in various fields including real estate, financial services and internet industries over a span of different markets like Hong Kong and the U.S.A.

* The English name of the PRC entity is for information purpose only. In case of any inconsistency, the Chinese name shall prevail.

Mr. WONG Hong Gay Patrick Jonathan, aged 53, co-founded the Group in April 2004 and led its listing on the Stock Exchange in July 2011. He was appointed a Director on 24 March 2011 and re-appointed as an Executive Director on 9 June 2011. At listing he assumed the roles of the chairman of the Board and a member of the remuneration committee of the Company, and subsequently the chairman of each of the nomination committee and the corporate governance committee of the Company until 1 December 2016. Mr. Wong currently serves as the chief executive officer of the Company and has been the chief executive officer of the Group since its founding. Apart from charting the Group's vision and mission and meeting the Group's overall business objectives, Mr. Wong is also responsible for key client/partnership development and new business initiatives and overall management of advertising sales and business development functions. Mr. Wong is an entrepreneur with over 25 years of start-up and operational experience with a wide range of global and regional media and entertainment, broadcasting, mobile and satellite telecommunications, internet and digital OOH ventures. After completing six years of military service in Singapore, Mr. Wong started his career in publishing and in 1991 joined the founding team that launched Star TV. He went on to establish the regional satellite broadcaster's regional office in Singapore and served as its regional director, advertising sales for the Southeast Asia region. A year after the network was acquired by News Corporation, Mr. Wong was invited to rejoin the founders of Star TV to work on the launch of Pacific Century Group's Corporate Access where he served as the satellite-based corporate communications services provider's vice president for sales and advertising & promotions. When Corporate Access was acquired by Hutchison Whampoa, Mr. Wong was transferred to Hutchison Telecommunications where he served as its vice president, business development for the Asia region. While at Hutchison Telecommunications, Mr. Wong developed the desire to join the race to provide the world's first global mobile personal communications service or GMPCS. That led to his joining of Silicon Valley-based Local Space & Communications' Globalstar where he subsequently established the constellation's regional office in Hong Kong and served as its regional director for the Southeast Asia region. In 1999, Mr. Wong embraced the Asian Internet boom and became the founding managing director for 24/7 Media Asia, one of the three founding business units of Chinadotcom. At 24/7 Media Asia, Mr. Wong built a pan-Asian interactive advertising sales network that stretches across nine Asian countries within its first year of operations. Shortly afterwards, Mr. Wong founded the AdSociety Group, a venture that eventually became a part of the PCCW Group. As founder and group CEO, Mr. Wong established offices across nine major cities and formed joint ventures with Tokyu Agency Inc. (a member of Tokyu Corporation), LG Advertising Inc. (a member of LG Group) and the People's Daily Group, in Japan, South Korea and China, respectively, and worked with numerous sales and technology partners in the United States and Europe to establish a global advertising sales network and provided integrated online, broadband and mobile advertising, marketing and sales services to a diverse spectrum of premium online media properties. Following the burst of the technology bubble and the events of September 11, the Internet and mobile advertising venture was divested by PCCW on 3 October 2001. Soon afterwards, Mr. Wong was invited to rejoin the founders of PCCW to serve as the CEO of NOW Satellite TV. Mr. Wong has been a senior advisor on overseas investment and business development for the People's Daily Group since 2002; served thirteen consecutive years as a Council of Governor of CASBAA, the region's leading industry based advocacy group that represents over 125 Asia-based corporations to promote multi-channel TV via cable, satellite, broadband, mobile and wireless video networks across the Asia-Pacific; and an advisor to The Media Evangelism, a charitable Christian organisation committed to building a Christian media presence using every modern means of communications.

Mr. MOCK Wai Yin, aged 45, was appointed as an Executive Director, an authorised representative (pursuant to Rule 5.24 of the GEM Listing Rules) and a member of the corporate governance committee of the Company on 27 November 2015; and was re-designated to the chairman of the corporate governance committee of the Company on 1 December 2016. He was appointed as the compliance officer (pursuant to Rule 5.19 of the GEM Listing Rules) and re-designated from the chairman to a member of the corporate governance committee of the Company on 12 January 2018. Mr. Mock holds a Master of Philosophy degree in Biochemistry from The Chinese University of Hong Kong and a Master of Science degree in Hazard Analysis and Critical Control Point from University of Salford. He also holds a Postgraduate Diploma in Professional Accounting. Mr. Mock has over 15 years of experience in research analysis and over three years of world-wide experience in natural resources, project investment and property development as well as project valuation and budget management. Mr. Mock is an executive director of Boill Healthcare Holdings Limited (formerly known as Ngai Shun Holdings Limited) (a company listed on the Stock Exchange with stock code: 1246). He was an executive director of China Minsheng Drawin Technology Group Limited (a company listed on the Stock Exchange with stock code: 726) from December 2013 to February 2015.

Mr. WANG Jun, aged 50, was appointed as an Executive Director on 19 July 2016. He was appointed as a member of the executive committee of the Company on 26 March 2018. Mr. Wang has about 30 years of experience in business management in a wide range of industrial and commercial fields including textile, real estate and property, mining, business and financial investments. He is also dedicated to social and community welfare services and has been appointed as an executive vice president of the Guangdong Province Anhui Chamber of Commerce since 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Chi Keung Alan, aged 54, was appointed an independent non-executive Director ("Independent Non-executive Director") on 9 June 2011. He is a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Chan is a qualified solicitor admitted in England & Wales in October 1991 and in Hong Kong in February 1992 and has practiced corporate and commercial law for more than two decades. He is presently the general counsel of Imperial Pacific International (CNMI) LLC, a subsidiary of Imperial Pacific International Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 1076), which owns an exclusive casino gaming license in Saipan, Commonwealth of Northern Mariana Islands. Mr. Chan is an independent non-executive director, and a member of each of the audit committee and nomination committee of Fortunet e-Commerce Group Limited, a company listed on the main board of the Stock Exchange (stock code: 1039) and was an independent non-executive director of L & A International Holdings Limited, a company listed on the GEM (stock code: 8195), from September 2014 to October 2015. Previously, Mr. Chan was the Vice President, Legal of NagaCorp Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3918) which owns, manages and operates the largest integrated gaming, leisure and entertainment hotel complex in the Kingdom of Cambodia, as well as the Head of Legal Services for the Hong Kong Jockey Club. Mr. Chan started his career in 1992 in Hong Kong as a corporate finance lawyer with Stephenson Harwood & Lo. He later acted as the senior assistant director, legal department, of the Land Development Corporation (now known as Urban Renewal Authority). Mr. Chan was the legal counsel for one of the leading US information technology companies, Sun Microsystems for Greater China, the Asia Pacific legal director for St. Jude Medical, and the Vice President of Legal Affairs at Celestial Pictures Limited, a subsidiary of Astro All Asia Networks Plc., a Malaysian company that carries out business relating to cross media, in particular, direct-to-home television services, commercial radio and television programming. Celestial Pictures Limited is a commercial media company that owns and distributes the largest film library in Asia, including the Shaw Brothers film library, with worldwide entertainment assets in the motion picture, television, and new media industries. Mr. Chan obtained a Bachelor of Science degree in Civil Engineering from the Aston University of Birmingham, England in July 1986 and a LLB in China Law from the China University of Political Science and Law, Beijing, PRC in June 1999. He is a registered civil celebrant in Hong Kong and served as a board director (and former chairman) of Theatre Space Foundation Limited, a theatrical drama performance charitable institution. In July 2012, Mr. Chan was appointed a committee member by Special Appointment of the Eighth Zhuhai Committee of the Chinese People's Political Consultative Conference. In September 2012, he was appointed a director of the Hong Kong Chiu Chow Chamber of Commerce Limited, and in 4th Quarter 2013, he was appointed a director of the China Overseas Friendship Association.

Mr. LEE Chi Hwa Joshua, aged 45, was appointed as an Independent Non-executive Director, the chairman of each of the audit committee and the remuneration committee of the Company on 27 November 2015; and as the chairman of the nomination committee of the Company on 1 December 2016. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lee has extensive experience in the fields of auditing, accounting and financing. Mr. Lee currently serves as an executive director of China Healthcare Enterprise Group Limited (stock code: 1143) which is listed on the Main Board of the Stock Exchange, an independent non-executive director of Hao Tian Development Group Limited (stock code: 474), Hao Tian International Construction Investment Group Limited (stock code: 1341) and Fujian Nuoqi Co., Ltd. (stock code: 1353), which are listed on the Main Board of the Stock Exchange; and China Fortune Investments (Holding) Limited (stock code: 8116) and Code Agriculture (Holdings) Limited (stock code: 8153), which are listed on the GEM Board of the Stock Exchange. He was an independent Non-executive director of China Minsheng Drawin Technology Group Limited (stock code: 726) from December 2013 to February 2015; of King Stone Energy Group Limited (stock code: 663) from January 2012 to April 2013; and of Jin Bao Bao Holdings Limited (now known as Teamway International Group Holdings Limited) (stock code: 1239) from March 2015 to August 2017.

Ms. LAU Mei Ying, aged 35, was appointed as an Independent Non-executive Director, a member of each the audit committee and the nomination committee of the Company on 27 November 2015; and as a member of each of the remuneration committee and the corporate governance committee of the Company on 1 December 2016. Ms. Lau graduated from The Chinese University of Hong Kong with a bachelor degree of Social Science in Economics. Ms. Lau has extensive experience in the financial market and insurance underwriting. She has been a fellow member of Life Management Institute issued by Life Office Management Association since November 2008. Ms. Lau has been serving as an executive director of PacRay International Holdings Limited (stock code: 1010) since her appointment on 31 August 2017. She was an independent non-executive director of Ngai Shun Holdings Limited (now known as Boill Healthcare Holdings Limited) (a company listed on the Stock Exchange with stock code: 1246) from 15 July 2015 to 17 July 2017.

CORPORATE GOVERNANCE PRACTICES

Adapting and adhering to recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board of Directors of the Company (the "Board") believes that good corporate governance is one of the areas that leads to the success of the Company and in balancing the interests of Shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

For the year ended 31 December 2017, the Company had complied with the code provisions (the "Code Provision(s)") set out in the Corporate Governance Code (the "Corporate Governance Code") as contained in Appendix 15 to the GEM Listing Rules except for the following:

Under Code Provision E.1.2, the chairman of the Board should attend the Company's annual general meeting. Mr. An Xilei ("Mr. An"), the then chairman of the Board, was unable to attend the Company's annual general meeting held on 12 May 2017 (the "AGM") owing to business reasons. Mr. Chan Chi Keung Alan, an Independent Non-executive director of the Company, was authorised by Mr. An to chair the meeting.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Specific enquiry had been made to all existing Directors who confirmed that they had complied with the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the year ended 31 December 2017.

BOARD OF DIRECTORS

Composition and Responsibilities

The Board comprised the following directors during the year ended 31 December 2017 and up to the date of this report:

Executive Directors:
Mr. LIU Xiaodong *(Chairman)* (appointed on 12 January 2018)
Mr. AN Xilei *(Deputy Chairman) (Note)*
Mr. WONG Hong Gay Patrick Jonathan *(CEO)*
Mr. CHEN Xiaoping (resigned on 31 January 2018)
Mr. MOCK Wai Yin
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)
Mr. WANG Jun

Independent Non-executive Directors:
Mr. CHAN Chi Keung Alan
Mr. LEE Chi Hwa Joshua
Ms. LAU Mei Ying

Note: Mr. An Xilei ceased to act as the Chairman of the Board but was appointed as the Deputy Chairman of the Board, both with effect from 12 January 2018.

The relationship among members of the Board and biographical details of the Directors who are currently serving the Board are set out in the section headed "Directors' Profile" on pages 17 to 20. Save for the Directors' business relationships as a result of their respective directorships in the Company and its subsidiaries or else as disclosed in each of their respective biographies as aforementioned, there are no financial, business, family or other material or relevant relationships among members of the Board.

The Board is accountable to the Shareholders for the Company's performance and activities. While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board provides leadership to the Board in carrying out its duties. The Executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The non-executive Directors ("Non-executive Directors") (including the Independent Non-executive Directors) contribute valuable views and proposals for the Board's deliberation and decisions.

Board Meetings

The Board has drawn up a schedule to meet regularly at least four times a year at approximately quarterly intervals, pursuant to paragraph A.1.1 of the Corporate Governance Code, to consider and approve quarterly, half-yearly and annual results of the Group, as well as to discuss the overall strategy, business operations and development of the Group. Notice is given to all Directors at least 14 days in advance for a regular board meeting in accordance with paragraph A.1.3 of the Corporate Governance Code. For the sake of flexibility, the Board may also hold meetings whenever necessary other than the regular meetings; in such case, reasonable notice will be given. For the year ended 31 December 2017, the Board has convened five meetings (including four regular Board meetings but excluding the committee meetings) that required directors' attendance in person or through electronic means of communication. It has also passed resolutions by circulation of documents in other circumstances during the year.

Directors' Attendance at Board/General Meetings

During the year ended 31 December 2017, the Company has held three general meetings (including the annual general meeting for 2017). The individual attendance record of each Director at the meetings of the Board (including circulation of written resolutions) and general meetings is as follows:

	Number of Board Meetings Attended/Held	**Board written resolutions**	**General Meetings Attended/Held**
Executive Directors:			
Mr. AN Xilei	3/5	9/9	2/3
Mr. WONG Hong Gay Patrick Jonathan	5/5	9/9	3/3
Mr. CHEN Xiaoping (resigned on 31 January 2018)	5/5	9/9	2/3
Mr. MOCK Wai Yin	5/5	9/9	3/3
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)	5/5	9/9	3/3
Mr. WANG Jun	5/5	9/9	3/3
Independent Non-executive Directors:			
Mr. CHAN Chi Keung Alan	5/5	9/9	3/3
Mr. LEE Chi Hwa Joshua	5/5	9/9	3/3
Ms. LAU Mei Ying	5/5	8/8*	3/3

* Abstained from voting on one occasion

As stated above, appropriate notices are given to all Directors in advance for attending regular and other Board or Board committee meetings. Meeting agenda and other relevant information are provided to the Directors in advance of the Board or Board committee meetings. All Directors are consulted to include additional matters in the agenda for such meetings, pursuant to paragraph A.1.2 of the Corporate Governance Code.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

Draft of the minutes will be circulated to all Directors and/or all members of the relevant Board committees for their comment within a reasonable time after convening of the pertaining meeting. Minutes of Board and Board committee meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director in accordance with paragraph A.1.4, A.1.5 of the Corporate Governance Code.

The Company has arranged for appropriate liability insurance cover for its Directors in accordance with paragraph A.1.8 of the Corporate Governance Code. The insurance coverage is reviewed on an annual basis.

Chairman and Chief Executive

The position of the chairman of the Company was held by Mr. An Xilei ("Mr. An") during the year ended 31 December 2017 and up to his re-designation as the deputy chairman on 12 January 2018. Mr. Liu Xiaodong was appointed an Executive Director and the chairman of the Company on 12 January 2018 and has been serving such positions since then. The position of the chief executive officer of the Company was held by Mr. Wong Hong Gay Patrick Jonathan. The roles of chairman and chief executive officer of the Company are separate in accordance with paragraph A.2.1 of the Corporate Governance Code. The chairman is responsible for the management of the Board to formulate business development strategy; while the chief executive officer focuses on the day-to-day management of business and overall operations of the Group.

Appointment and Re-election of Directors

Mr. Wong Hong Gay Patrick Jonathan has entered into a service contract with the Company for an initial fixed term of one year and shall continue thereafter until terminated by not less than six months' notice in writing served by either party on the other. Each of Mr. Liu Xiaodong (appointed on 12 January 2018 after the year-end date), Mr. An Xilei and Mr. Wang Jun has entered into a service contract with the Company for a term of one year and shall be renewable automatically for successive terms of one year thereafter until terminated by not less than three months' notice in writing served by either party on the other. Mr. Chan Chi Keung Alan has entered into a service contract with the Company for a term of one year renewable automatically for successive terms of one year until terminated by not less than one month's notice in writing served by either party on the other. All the above Directors are subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the articles of association of the Company ("Articles"). Each of the following Directors, namely Mr. Mock Wai Yin, being an Executive Director; and Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying, both being Independent Non-executive Directors, as at the date of this report; has entered into a letter of appointment with the Company for a service term which is subject to retirement by rotation and re-election at annual general meeting in accordance with the provisions of the Articles, which may be terminated by not less than three months' notice in writing served by either party on the other.

In accordance with paragraph A.4.2 of the Corporate Governance Code and Article 83(3) of the Articles, all Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election. Further, in accordance with Article 84 of the Articles, one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. Accordingly, Mr. Liu Xiaodong shall retire from office at the 2018 Annual General Meeting pursuant to Article 83(3) of the Articles; and Mr. Wong Hong Gay Patrick Jonathan, Mr. Chan Chi Keung Alan and Mr. Lee Chi Hwa Joshua shall retire by rotation at the 2018 Annual General Meeting pursuant to Article 84 of the Articles. All of them being eligible, will offer themselves for re-election at such annual general meeting.

Confirmation of Independence of Independent Non-executive Directors

Each of the existing Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all existing Independent Non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

Directors' Participation in Continuous Professional Trainings

Newly appointed Directors are provided with necessary induction and information to ensure that they have a proper understanding of the Company's business and operations, as well as director's responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The Company will provide the Directors with updates on laws, rules and regulations which may be relevant to their roles, duties and functions as director of a listed company from time to time. Directors are also encouraged to attend relevant training courses at the Company's expense. During the Financial Year, the Directors have been provided with updates on the Company's performance, position and prospects as and when appropriate to enable the Board as a whole and each Director individually to discharge their duties. Certain Directors also attended professional trainings delivered by law firm or certified public accountants. All existing Directors have confirmed that they had complied with paragraph A.6.5 of the Corporate Governance Code and that they have had suitable directors' training through attendance of training courses and seminars; or else by reading materials to refresh their knowledge and skills.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company was established with written terms of reference in compliance with the relevant Code Provisions from time to time. The terms of reference of the Audit Committee adopted on 26 March 2012 were amended in January 2016 to reflect the additional responsibilities of the Audit Committee in view of the requirements on risk governance in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules applicable to accounting periods beginning on or after 1 January 2017. The latest version of the terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting system, risk management and internal control procedures. It reports to the Board and has held regular meetings to review and make recommendations to improve the Group's financial reporting and internal control matters.

The composition of the Audit Committee during the Financial Year and up to the date of this report is as follows:

Independent Non-executive Directors:
Mr. LEE Chi Hwa Joshua *(Chairman)*
Mr. CHAN Chi Keung Alan
Ms. LAU Mei Ying

During the Financial Year, the Audit Committee has held four meetings, and the attendance of each of its members is set out below:

Name of member	**Number of meetings Attended/Held**
Mr. LEE Chi Hwa Joshua *(Chairman)*	4/4
Mr. CHAN Chi Keung Alan	4/4
Ms. LAU Mei Ying	4/4

The summary of work of the Audit Committee during the Financial Year is as follows:

— met with the external auditors and reviewed the annual, interim and quarterly reports of the Company;

— reviewed the effectiveness of the Company's internal control and risk management systems;

— reviewed and approved audit fee; and

— recommended the re-appointment of auditors.

Remuneration Committee

The Board established the Remuneration Committee with written terms of reference in compliance with the relevant Code Provisions from time to time. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee is responsible for, inter alia, making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy and to review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objectives.

The composition of the Remuneration Committee during the Financial Year and up to the date of this report is as follows:

Independent Non-executive Directors:
Mr. LEE Chi Hwa Joshua *(Chairman)*
Mr. CHAN Chi Keung Alan
Ms. LAU Mei Ying

During the Financial Year, the Remuneration Committee has held one meeting and has also passed resolutions in writing; the attendance of each of its members is set out below:

Name of member	Number of meetings Attended/Held	Written resolutions
Mr. LEE Chi Hwa Joshua *(Chairman)*	1/1	3/3
Mr. CHAN Chi Keung Alan	1/1	3/3
Ms. LAU Mei Ying	1/1	3/3

The summary of work of the Remuneration Committee during the year is as follows:

— recommended to the Board the discretionary bonus, if any, payable to the Executive Directors for the Financial Year;

— reviewed the remuneration packages of the Executive Directors for the Financial Year, as well as recommended to the Board for approval such remuneration packages upon appointment of new Executive Directors; and

— reviewed the directors' fees of the Non-executive Directors (including the Independent Non-executive Directors) for the Financial Year, as well as recommended to the Board for approval such directors' fees upon appointment of new Non-executive Directors (including Independent Non-executive Directors).

Nomination Committee

The Board established the Nomination Committee with written terms of reference in compliance with the relevant Code Provisions from time to time. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, identifying individuals suitably qualified to become Directors, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The composition of the Nomination Committee during the Financial Year and up to the date of this report is as follows:

Independent Non-executive Directors:
Mr. LEE Chi Hwa Joshua *(Chairman)*
Mr. CHAN Chi Keung Alan
Ms. LAU Mei Ying

During the Financial Year, the Nomination Committee has held one meeting and has also passed resolutions in writing; the attendance of each of its members is set out below:

Name of member	Number of meetings Attended/Held	Written resolutions
Mr. LEE Chi Hwa Joshua *(Chairman)*	1/1	1/1
Mr. CHAN Chi Keung Alan	1/1	1/1
Ms. LAU Mei Ying	1/1	1/1

The summary of work of the Nomination Committee during the Financial Year is as follows:

— reviewed the structure, size and composition of the Board;

— reviewed the independence of the Independent Non-executive Directors;

— evaluated and made recommendations on individuals nominated for directorship; and

— made recommendation on the retiring Directors at the 2018 Annual General Meeting of the Company.

Board Diversity Policy

The Company recognizes the benefits of diversity of Board members. In accordance with paragraph A.5.6 of the Code of Corporate Governance, the board diversity policy of the Company (the "Board Diversity Policy") has been published on the Company's corporate website (www.cs8112.com) for public information. According to the Board Diversity Policy, in designing the Board's composition and selecting candidates to the Board, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has monitored the implementation of the Board Diversity Policy since its adoption in August 2013. It carries out annual review of the Board Diversity Policy to ensure its effectiveness.

Corporate Governance Committee

The Board established the Corporate Governance Committee with written terms of reference in compliance with the relevant Code Provisions from time to time. The written terms of reference of the Corporate Governance Committee are available on the websites of the Company and the Stock Exchange.

The composition of the Corporate Governance Committee during the Financial Year and up to the date of this report is as follows:

Executive Directors:
Mr. LIU Xiaodong *(Chairman)* (appointed on 12 January 2018)
Mr. MOCK Wai Yin *(Note)*
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)

Independent Non-executive Director:
Ms. LAU Mei Ying

Note: Mr. Mock Wai Yin was re-designated from the Chairman to a member of the Corporate Governance Committee with effect from 12 January 2018.

Pursuant to paragraph D.3.1 of the Corporate Governance Code, the primary duties of the Corporate Governance Committee include, among others, to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuous professional development of directors and senior management; and to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

During the Financial Year, the Corporate Governance Committee has held one meeting, and the attendance of each of its members is set out below:

Name of member	Number of meetings Attended/Held
Mr. MOCK Wai Yin *(Chairman) (Note)*	1/1
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)	1/1
Ms. LAU Mei Ying	1/1

Note: On 12 January 2018, Mr. LIU Xiaodong was appointed as the chairman of the Corporate Governance Committee, and Mr. Mock Wai Yin was re-designated from the chairman to a member of the Corporate Governance Committee.

The summary of work of the Corporate Governance Committee during the Financial Year is as follows:

— reviewed the corporate governance practices of the Group;

— reviewed the training programmes for Directors and senior management of the Company;

— reviewed the Company's policies such as human resources policy, code of conduct and grievance policy;

— reviewed the current practices on compliance with legal and regulatory requirements;

— provided latest updates on laws, rules and regulations to Directors; and

— reviewed the compliance with the Code Provisions and disclosures in the Corporate Governance Report.

Executive Committee

The Board established the Executive Committee on 26 March 2018. The written terms of reference of the Executive Committee are available on the websites of the Company and the Stock Exchange.

The composition of the Executive Committee is as follows:

Executive Directors:
Mr. LIU Xiaodong *(Chairman)*
Mr. AN Xilei
Mr. WANG Jun

The primary duties of the Executive Committee include, among others, to make business and investment decisions; to evaluate, determine and approve the Company's funding requirements and to formulate financial/treasury planning strategy; to agree the required facilities with banks and/or financial institutions in accordance with the financial/treasury plan approved by the Board; and to assume such other responsibilities as from time to time may be delegated by the Board.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of Executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration policy of Non-executive Directors (including Independent Non-executive Directors) is to ensure that the Non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. The emoluments of Non-executive Directors are determined with reference to their skills, experience, knowledge, duties and market trends.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and suitable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable; and the financial statements are prepared on a going concern basis.

Auditor's Remuneration

During the year, the Company engaged PricewaterhouseCoopers ("PwC") as the external auditors. The fee in respect of audit services provided by PwC for the Financial Year approximately amounted to HK$1,550,000 (2016: HK$1,500,000). The fee in respect of audit-related services provided by PwC for the Financial Year approximately amounted to HK$480,000 (2016: HK$470,000).

The reporting responsibilities of PwC are set out in the Independent Auditors' Report on pages 56 to 61.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for establishing, maintaining and monitoring of the Group's systems of risk management and internal control, which should cover all material controls including financial, operational and compliance controls. The systems include a defined management structure with limits of authority, and are designed to help the Group identify and manage significant risks to achieve its business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulation. Such systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate the risk of failure to achieve business objectives.

The Heads of each core business segment monitor compliance with policies and procedures and the effectiveness of internal control systems in respect of their responsible business segments. The Company also engaged an independent external consulting firm to review and assess the effectiveness of the risk management and internal control systems of the Group during the Financial Year. The assessment covers all material controls including financial, operational and compliance controls, as well as risk management functions during the Financial Year. The Audit Committee has reviewed the assessment report with the management, and noted that no significant areas of improvement are brought to its attention. The Company also conducted a review on the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function for the year under review. Accordingly, the Board was satisfied that the prevailing risk management and internal control systems of the Group are effective and adequate.

DELEGATION BY THE BOARD

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Company's Articles as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the Articles).

With the establishment of the Audit Committee, Remuneration Committee and Nomination Committee (the majority of such committee members must be the Independent Non-executive Directors), the Independent Non-executive Directors will be able to effectively devote their time to perform the duties required by the respective Board committees that they are serving.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the Executive Directors, in particular the Executive Committee, which has been established to facilitate efficient operations and management of the Group. Clear guidance has been made as to the matters that should be reserved to the Board for its decision.

COMPLIANCE OFFICER

During the year, Ms. Lam Hoi Yu Nicki ("Ms. Lam") assumed responsibility for acting as the compliance officer of the Company (the "Compliance Officer"). Ms. Lam ceased acting as the Compliance Officer upon her resignation as an Executive Director on 12 January 2018. Of even date, Mr. Mock Wai Yin was appointed as the Compliance Officer pursuant to Rule 5.19 of the GEM Listing Rules and remains in such position as at the date of this annual report.

COMPANY SECRETARY

Ms. Chan Sau Chee ("Ms. Chan") is the company secretary of the Company. She reports to the Executive Directors and is responsible for advising the Board on corporate governance and other company secretarial matters. In compliance with Rule 5.15 of the GEM Listing Rules, Ms. Chan has undertaken not less than 15 hours of relevant professional training to update her skill and knowledge during the year ended 31 December 2017.

CONSTITUTIONAL DOCUMENTS

During the year, there are no changes in the constitutional documents of the Company.

SHAREHOLDERS' RIGHTS

The Way by which Shareholders Can Convene Extraordinary General Meeting(s) ("EGM")/Put Forward Proposal(s)

According to the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

And, if a Shareholder wishes to propose a person other than a Director retiring for election as a Director at an annual general meeting ("AGM"), the Shareholder should deposit a written notice of nomination at the head office of the Company or at the office of the Company's Branch Share Registrar within a period of at least seven (7) days commencing from the day after the dispatch of the AGM notice and ending no later than seven (7) days prior to the date of the AGM. The relevant procedures will be set out in the circular regarding, among others, the 2018 Annual General Meeting of the Company, which will be delivered together with this annual report to the Shareholders of the Company.

The Procedures for Sending Enquiries to the Board

Specific enquiries from Shareholders to the Board can be sent in writing to the Company at our head office in Hong Kong.

COMMUNICATION WITH SHAREHOLDERS

Save as mentioned under the section headed "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our Shareholders, the Company has published all corporate information, news and events about the Group on its website for easy access by the Shareholders.

Hong Kong, 26 March 2018

APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE AND REPORTING

This Environmental, Social and Governance Report (the "ESG Report") summarises the initiatives, programmes and performance of the Group as well as demonstrates its commitment to sustainability.

The core businesses of the Group are principally engaged in (i) financial services including securities brokerage services and margin financing services, (ii) provision of OOH advertising services, and (iii) film development, production and distribution. The Group also engaged in the retail of skin care products and the provision of early childhood education.

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. In order to follow the key trends and pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

REPORTING SCOPE

Unless stated otherwise, this report mainly covers the Group's major operating revenue activities under direct management control, including (i) financial services including securities brokerage services and margin financing services, (ii) provision of OOH advertising services, (iii) film development, production and distribution, (iv) retail of skin care products and (v) the provision of early childhood education.

The Group will continue to assess the major environmental, social and governance aspects of different businesses to determine whether it needs to be included in the environmental, social and governance reporting.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 20 of the GEM Listing Rules (the "ESG Reporting Guide").

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 21 to 32 of this report.

REPORTING PERIOD

The ESG Report specifics the environmental, social and governance activities, challenges and measures being taken during the year ended 31 December 2017 which is in line with the time period of the annual report.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and environmental, social and governance issues. In order to understand and address stakeholders' concerns, the Group communicates with its key stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities through different channels such as conferences, electronic platforms and public events. In formulating operational strategies and environmental, social and governance measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community.

Materiality Assessment

The management and employees who are responsible for the key functions of the Group have participated in preparing this report, assisted the Group in reviewing its operation, identifying key environmental, social and governance issues and assessing the importance of these issues to our businesses and stakeholders. We compiled a questionnaire in reference to the identified material environmental, social and governance issues to collect the information from relevant departments and business units of the Group.

The following table summarises the Group's significant environmental, social and governance issues as set out in this report:

The ESG Reporting Guide	Material ESG aspects of the Group	Page
A. Environment		
A1. Emissions	Emissions, Wastewater and Waste Management	P. 35
	Greenhouse Gas Emission	P. 36
A2. Use of Resources	Energy Consumption	P. 37
	Water Consumption	P. 38
	Use of Packaging materials	P. 38
A3. The Environment and Natural Resources	Environmental Impact Management	P. 39
B. Society		
B1. Employment	Employee Benefits and Equal Opportunities Policies	P. 40
B2. Health and Safety	Occupational Health and Safety	P. 40
B3. Development and Training	Staff Development and Training	P. 41
B4. Labor Standards	Prevention of Child Labor or Forced Labor	P. 41
B5. Supply Chain Management	Environmental and Social Risk Management of Supply Chain	P. 42
B6. Product Responsibility	Quality and Safety of Products and Services	P. 42
	Intellectual Property Management	P. 43
	Social Moral Standards	P. 43
B7. Anti-Corruption	Prevention of Corruption and Fraud	P. 43
B8. Community Investment	Contributions to Society	P. 44

During the year ended 31 December 2017, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place and confirmed the information disclosed in the ESG Report meets the ESG Reporting Guide.

Contact us

Comments and suggestions are welcome from our stakeholders. You may provide comments on ESG report or towards our performance in respect of sustainable development.

A. ENVIRONMENT

A1. Emissions

General Disclosure and Key Performance Indicators ("KPI")

The core businesses of the Group, which mainly involves (i) provision of OOH advertising services, (ii) retail of skin care products, (iii) provision of early childhood education, (iv) film development, production and distribution, (v) securities brokerage business, mainly rely on internet technology and related equipment and do not involve any manufacturing processes in the course of business. Therefore, during the year ended 31 December 2017, the Group and its office did not generate significant emissions, water pollutants and hazardous wastes during the operation, except for greenhouse gas ("GHG") emissions and non-hazardous waste.

Global warming and climate change have become major environmental issues to the world. The Group aims to minimize energy consumption and carbon emissions and has been exploring ways of adopting operational model which incurs less adverse impact on the environment. From the reporting of environmental perspective, we mainly focused on the environmental impact of the Group's offices in China and relevant measures to be taken during the daily operation and have formulated policies and procedures relating to the environmental management to govern limited greenhouse gas emissions and non-hazardous waste generated from our operation.

Waste management

The Group adheres to waste management principle and strives to properly manage and dispose wastes produced by our business activities. Our waste management practice has been complied with relevant laws and regulations relating to environmental protection. The non-hazardous wastes generated by the Group's operations mainly consist of paper, toner cartridges and ink cartridges. During the year ended 31 December 2017, the consumption volume generated by the Group is shown as below:

Non-hazardous waste category	Quantity	Unit	Intensity — Unit per employee
Paper	0.4	Tonnes	0.01
Toner cartridge	14	Pieces	0.4

We regularly monitor the consumption volume of paper and toner cartridges and have implemented a number of reduction measures. The Group's office has also provided suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains high standard in waste reduction, educates its employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

Apart from recycling, the office has implemented various programs and activities to encourage employees to participate in waste reduction management, including:

- Promote green information and electronic communication, such as e-mail and electronic workflows, to implement "paperless system" concept;
- Place "Green Message" reminders on office equipment;
- Utilise used envelopes and double-side printing. Paper for single-side printing would be only adopted when handling official documents and confidential documents when necessary; and
- Recommend the use of recycled paper.

The Group does not produce any hazardous wastes in its business activities.

GHG emission

The consumption of electricity at the offices and petrol are the largest sources of greenhouse gas emissions of the Group. During the year ended 31 December 2017, the Group's total GHG emissions amounted to approximately 74.0 tonnes and the total GHG emission per employee was 2.3 tonnes/employee. The detailed summary of the GHG emission is shown as below:

GHG Performance Summary

GHG Scope[1]	**Tonnes**	**Intensity — Tonnes per employee**
Direct GHG emission (Scope 1) — petrol consumption	15.8	0.5
Indirect GHG emission (Scope 2) — electricity consumption	56.1	1.7
Other indirect GHG emission (Scope 3) — paper and water consumption	2.0	0.1
Total GHG emission	73.9	2.3

The Group has implemented a number of measures to mitigate energy consumption such as turning off the airconditioning system at night or when leaving office, keeping the office temperature at 25oC in summer and using LED lights or energy-saving light in the office, etc.

[1] GHG emissions data is presented in carbon dioxide equivalent and was in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes)" and the latest published Baseline Emission Factors for Regional Power Grids in China.

At the project level, the Group considers the principle of environmental protection when launching each of its projects. For example, in the course of selecting suppliers, we assess whether the materials used by the suppliers in the activities are hazardous to the environment and whether they can effectively conserve energy and minimize carbon emissions. In addition to the above-mentioned measures, the Group issues environmental-related memorandum to its staff to raise their awareness of environmental preservation. Notices and posters relating to the environmental information have been placed in the offices to promote the best practice of the environmental management.

The Group has complied with relevant environmental laws and regulations, including but not limited to Environmental Protection Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Air Pollution and Environmental Protection Law of Solid Waste Pollution of the People's Republic of China. During the year ended 31 December 2017, the Group was not aware of any material noncompliance with laws and regulations relating to the air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

On top of complying with the general disclosure requirement of Aspect A1, we have complied with the KPI requirement which is summarised below:

"Comply or explain" Provisions

KPI A1.1	The types of emissions and respective emissions data.	Disclosed
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Disclosed
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Not applicable
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Disclosed
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Disclosed

A2. Use of Resources

General Disclosure and KPI

Energy Consumption

Due to the business nature of the Group, the volume of energy consumption, electricity consumption and water consumption are considered as relatively low, in particular water consumption is very minimal. As mentioned in the Aspect A1 section, the Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption and petrol consumption account for a substantial part of the carbon emission for the Group.

During the year ended 31 December 2017, the Group's consumption in petrol and electricity were:

Energy Type	Quantity	Unit	Intensity — Unit per employee
Petrol	6,084	litre	184.4
Electricity	80,808	kWh	2,448.7

On top of the measures of mitigating the energy consumption mentioned in previous section, the Group strives to utilize telephone or video conference to minimize face-to-face meeting in order to reduce petrol consumption in traveling and unnecessary business trips. The Group encourages resources saving in daily office operation and proactively fosters a low-carbon corporate culture, which further increases our employees' awareness in energy conservation.

Water consumption and use of packaging materials

During the year ended 31 December 2017, the Group does not consume significant water in its business activities. Regardless of limited water consumption, we still promote behavioral changes at office and encourage water conservation. Pantry and toilets are posted with environmental messages to remind employees for water conservation, which results in further enhancing our employees' awareness in water conservation.

In addition, due to the nature of business, the Group did not have physical products for sale and therefore did not involve any use of packaging materials. Therefore, this disclosure is not applicable to the Group.

On top of complying with the general disclosure requirement of Aspect A2, we have complied with the KPI requirement which is summarised below:

"Comply or explain" Provisions

KPI A2.1	Direct and/or indirect energy consumption by type and intensity.	Disclosed
KPI A2.2	Water consumption in total and intensity.	Disclosed
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Disclosed
KPI A2.4	Description on whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Issue in sourcing water — not applicable due to its business nature; Remaining — disclosed
KPI A2.5	Total packaging material used for finished products.	Not applicable

A3. Environment and Natural Resources

General Disclosure and KPI

Environmental impact management

The Group pursues the best practices in the environment protection and focuses on the impact of the Group's businesses to the environment and natural resources. In addition to complying with relevant environmental laws and regulations as well as properly preserve the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operations, with the aim of achieving environmental sustainability.

The Group strives to promote environmental protection and make effective use of resources. It carries out continuous monitoring if the business operations incur any potential impact to the environment, and minimises such impact to the environment through promoting green office and operating environment by adopting four basic principles which comprise of reduce, reuse, recycle and replacement. Where applicable, we adopt green purchasing strategies and the most practical technologies to protect our natural resources.

Noise Pollution

Noise pollution practices are implemented during our program production and event organisation activities, in order to minimise the noise pollution. Programs are produced in the studios with good soundproof facilities.

Outdoor lightings

During outdoor advertising production and event organisation, the lightings are adjusted to avoid disturbing neighborhood whenever possible.

Landscape and natural habitat

The Group strives to minimise any unnecessary interference to the natural landscape and animal habitat in the process of advertising production and event organisation, in order to maintain the natural beauty of the environment.

The Group regularly reviews its environmental protection policies and has adopted the necessary precautionary measures and actions to reduce significant impact on the environment and natural resources, and ensure that the Group complies with relevant laws and regulations.

During the year ended 31 December 2017, the Group has not found any non-compliance with laws and regulations in respect of the environment and natural resources.

On top of complying with the general disclosure requirement of Aspect A3, we have complied with the KPI requirement which is summarized below:

"Comply or explain" Provisions

KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed

B. SOCIETY

B1. Employment

General disclosure

Employee Benefits and Equal Opportunities Policies

Employees are regarded as the Group's largest and most valuable assets and the core of competitive advantage. They provide the driving force for continuous innovation to the Group.

During the year ended 31 December 2017, the Group has fully complied with relevant rules and regulations in the PRC, including the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Regulations on Labor Inspection and Security, as well as the statutory requirements in Hong Kong, including the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), the Minimum Wages Ordinance (Chapter 608 of the laws of Hong Kong), the Personal Data Privacy Ordinance (Chapter 486 of the laws of Hong Kong) and other relevant rules and regulations.

The Group is committed to maintaining a diverse workforce that includes age, gender, family status, sexual orientation, disability, ethnicity, religion and equal opportunities.

The Group's staff handbook contains policies in regards to recruitment, promotion, discipline, working hours and leave. The human resources department has been responsible for ensuring all employees have fully understood the contents of the handbook.

The management regularly reviews the Group's remuneration and benefits policies in reference to the market standards and is committed to safeguarding the rights and interests of the staff. Remuneration and benefits have been adjusted on an annual basis in accordance with the employees' individual performance, contribution and market conditions.

During the year ended 31 December 2017, the Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

B2. Health and Safety

General disclosure

Occupational Health and Safety

The Group has always placed emphasis on occupational safety and has set up an occupational health and safety management system to provide a safe working environment for office employees.

During the year ended 31 December 2017, the Group has complied with relevant rules and regulations in the PRC, including the Law of the People's Republic of China on Work Safety and Occupational Disease Prevention and Control Law of the People's Republic of China, as well as the legislative requirements in Hong Kong, including the Occupational Safety and Health Ordinance.

During the year ended 31 December 2017, the Group was not aware of any non-compliance with the health and safety laws and regulations.

B3. Development and Training

General disclosure

Staff Development and Training

Employees are regarded as the Group's largest and most valuable assets and an essential part of maintaining a competitive advantage. The Group provides its staff with training courses for upgrading skills and development as needed.

The Group encourages and supports employees to participate in personal and professional training to fulfill the needs of emerging technologies and new equipment. The Group also encourages the culture of sharing of knowledge and experience.

The Group has made good use of its internal resources to organise various forms of training for its office in China, including management, customer service and financial knowledge with the assistance of the Hong Kong Office of General Services.

B4. Labour Standards

General disclosure

Prevention of Child Labor or Forced Labor

The Group strictly prohibits employing any child labor or forced labor in its operations in Hong Kong and the PRC. The Group has established a well-defined recruitment process which examines the background of candidates and a formal reporting procedure for handling any exception. During the recruitment process, the age of the applicant is verified against the identity documents of the applicant. In addition, the Group conducts regular reviews and inspections to prevent any child labor or forced labor in operation.

In the meantime, the Group also avoids engaging vendors and contractors which are already known to be employing child labor or forced labor in their operations. The Group has complied with the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong) under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Convention on the Abolition of Forced Labor with respect to Employment of Workers, the Labor Law of the People's Republic of China on the Employment of Adolescents under the Age of 16 and their Legal Rights and Interests and Provisions on the Prohibition of Child Labor in the People's Republic of China.

During the year ended 31 December 2017, the Group complied with all the laws and regulations relating to the prevention of child labor or forced labor. The Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

B5. Supply Chain Management

General disclosure

Environmental and Social Risk Management of Supply Chain

The Group has established and implemented the Supplier Management Policy. In order to strengthen the selection of suppliers, the Group welcomes qualified, competent and high-quality suppliers to join. The Group's procurement department has specially formulated this policy in order to standardise the supplier management and improve the operational standard.

The Group's procurement department is also responsible for organising the supplier evaluation work in two ways which include the ongoing project evaluation and the annual assessment. The evaluation results will serve as the basis of supplier management. Suppliers need to react quickly to the assessment result, taking effective measures to improve the services provided within prescribed period. The Group has the rights to terminate the cooperation with service providers who violate the rules or do not meet the targets.

In the selection of new suppliers, the Group has compared at least three different companies, taking account of their operational and compliance records as well as their commitment level on top of cost consideration. Prior to conducting business with suppliers, we carry out annual reviews and evaluations in various aspects including occupational health and safety, employee rights protection, environmental protection and corporate social responsibility. This ensures that our operations comply with national standards or relevant regulations and that we have no child or forced labor issues. The assessment results will be used as a benchmark for the continuation or termination of cooperation in the future.

The Group maintains close liaison with its suppliers to monitor its performance to ensure that it is consistent with its service commitment.

B6. Product Responsibility

General disclosure

Quality and Safety of Products and Services

The Group pays high attention to the quality and safety of its services. The Group has established relevant quality and safety inspection policies for different projects, communicates with our customers and confirms their project expectation and direction prior launching any project, and actively coordinates projects with customers in the process of providing services.

Intellectual Property Management

The Group's day-to-day operations involve the use of the intellectual property owned by customers, suppliers or the Group itself. Therefore, the protection of intellectual property rights is an extremely important task for the Group. When the Group engages with its customers or suppliers, it will include the protection of intellectual property in the contractual terms. The Group's legal department will also review all the contracts in operation and ensure that the contractual terms protect both parties' intellectual property rights. The Group also requires technical professionals to sign strict confidentiality agreements. Confidential information of our customers is only accessible to employees who are responsible for the corresponding project.

During the year ended 31 December 2017, the Group complies with relevant laws governing the confidentiality of data and intellectual property, including but not limited to Hong Kong Intellectual Property Law, Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China and Copyright Law of the People's Republic of China.

Social Moral Standards

In order to ensure the compliance with the national regulations, the Group regularly checks the content of its advertising program production activities. Our group is committed to providing positive messages for the community. Content such as violence, pornography, hatred, superstition, gambling, etc. is strictly forbidden.

The Group has complied with the major relevant laws and regulations including the Administrative Measures on Internet Publishing Services circulated by the State Administration of Press, Publication, Radio, Film and Television and the Ministry of Industry and Information Technology, the Measures for the Administration of Internet Information Services of the People's Republic of China promulgated by the State Council, and the Interim Provisions on Internet Culture Management promulgated by the Ministry of Culture and so on.

During the year ended 31 December 2017, the Group was not aware of any non-compliance with relevant laws and regulations related to product responsibility.

B7. Anti-Corruption

General disclosure

Prevention of Corruption and Fraud

Preventive Measures, Enforcement and Monitoring

The Group has implemented the Prevention of Commercial Bribery Management Policy, strengthening its internal control mechanism, anti-corruption and anti-bribery work so as to achieve the business philosophy of "abiding by the law, integrity and quality service". For projects with higher monetary value, the Group makes an open bidding invitation to at least three suppliers. Different level of approval and authorisation is required according to the size of the tender agreement.

Reporting Mechanism

The mechanism includes the establishment of an inspection team and the establishment of a channel for evaluation and reporting. It is strictly forbidden to use the business opportunities or powers to obtain personal interests or benefits. If there is a conflict of interest, it needs to be reported to the management of the Group on a timely basis. The Group also encourages employees and all persons with whom the Group does business, including customers and suppliers, to report the suspected wrongdoing within the Group voluntarily.

The Group has complied with major relevant laws and regulations including Hong Kong's "Prevention of Bribery Ordinance" and the Mainland's "Corruption Ordinance of the People's Republic of China".

The Group has also taken many measures to prevent any money laundering activities in the Group. At the time of account opening in its securities brokerage business, the Group will perform a name search in an antimoney laundering database system maintained and provided by a third party vendor, in order to screen each new client against current terrorist and sanction designations, and check whether the client is a Politically Exposed Person (PEP). New account applications lodged by terrorists or sanctioned entities would be rejected. Regular name checks of existing clients against the latest terrorist and sanction list issued by US Treasury Department, as recommended by the regulators, are also conducted. The Group performs regular reviews on transactions by high-risk clients, in order to identify suspicious transactions. In the event any suspicious transactions are noted, we will report them to the Joint Financial Intelligence Unit in due course.

During the year ended 31 December 2017, the Group was not aware of any non-compliance with relevant laws and regulations related to anti-corruption.

B8. Community Investment

General disclosure

Contributions to Society

As a responsible company, the Group actively strives to become a positive force in the community and maintains close communication and interaction with the community to contribute to community development.

The Group enhances the quality of life of community through arts, culture and entertainment using on demand systems and activities. Following the development of culture, the community can gain a deeper understanding of history and culture and cultivate higher appreciation of the present and future cultural activities and to a greater level of enjoyment.

The Group will also actively encourage employees to contribute their time and skills to community volunteer works to benefit local communities by giving them opportunities to learn more about social and environmental issues and enhance the corporate value of the Group.

As a moral and responsible enterprise, the content of the advertising programmes and organized events are produced in accordance with the Group's policy of considering community interests and fully complied with the national regulations and rules, which further promotes positive news to the community and restricts any negative content, including as violence, pornography, hatred, superstition, gambling, to be broadcasted. The Group will consider from time to time to make donations to charities when the Group records after-tax profits and has sufficient funds.

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the Financial Year (the "Consolidated Financial Statements").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in Note 34 to the Consolidated Financial Statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to the loss from operations by principal activities and geographical area of operations for the year ended 31 December 2017 is set out in Note 5 to the Consolidated Financial Statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2017 and its future business development as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the "Management Discussion and Analysis" on pages 5 to 16 of this annual report. Description of the principal risks and uncertainties facing the Group are set out in the section headed "Risk and Uncertainties" below.

The Board has not identified any important events affecting the Group that have occurred since the end of the year up to the date of this annual report.

In addition, discussion on the Group's environmental policies and performance, key relationships with the Group's key stakeholders as well as compliance with relevant laws and regulations which have a significant impact on the Company are set out in the "Environmental, Social and Governance Report" on pages 33 to 44 of this annual report.

RISK AND UNCERTAINTIES

The followings are the principal risks and uncertainties identified by the Group which may affect the Group's financial condition, operating results and business prospects. There may be other risks and uncertainties which are not known to the Group or which may not be material now but could turn out to be material in the future.

Economic risks

— A severe or prolonged downturn of the global economy.

— Fluctuations in foreign currency exchange rates, inflation and fluctuations of interest rates would adversely affect customers' spending sentiment and the Group's profit margin.

Operational risks

— Failure to compete in the competitive environment in which the Group operates;

— Unable to keep pace with the technological advances in timely and cost-efficient manner; and

— Failure to attract, train, retain, and motivate qualified managerial, sales, marketing, operating, and technical personnel, the loss of key personnel, or the inability to find additional qualified personnel.

Regulatory risks

— Failure to adhere to laws, regulations and rules, or to obtain or maintain all applicable permits and approvals;

— Infringement of valid patents, copyrights or other intellectual property rights held by third parties; and

— Any change in laws and regulations in different customers' and suppliers' countries.

Financial risks

— Details of financial risks are set out in Note 3 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Financial Year and the state of affairs of the Group as at 31 December 2017 are set out in the Consolidated Financial Statements on pages 62 to 128.

The Directors do not recommend the payment of final dividend for the Financial Year (2016: Nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 4. This summary does not form part of the Consolidated Financial Statements.

CAPITAL RAISING

On 22 September 2017, the Company completed a Rights Issue of four rights shares for every one existing share held by Shareholders of the Company at the record date of 30 August 2017 at the subscription price of HK$0.23 per rights share and a total of 917,673,792 rights shares of the Company were issued. The Group raised gross proceeds of approximately HK$211 million from the Rights Issue. After deducting related expenses of approximately HK$7 million, net proceeds of approximately HK$204 million was received. The Group has utilised approximately HK$45 million for full repayment of the principal amounts and accrued interests and approximately HK$138 million as capital injection to CSL to develop its margin financing business. For details of the Rights Issue, please refer to the Company's announcements dated between 29 June 2017 and 21 September 2017; its circular dated 3 August 2017 and prospectus dated 31 August 2017 respectively.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in Note 24 to the Consolidated Financial Statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and in Note 31(b) to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$266,759,000 (2016: HK$320,668,000).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 24.1% of the total sales for the Financial Year and sales to the largest customer included therein amounted to approximately 7.5%. Purchases from the Group's five largest suppliers accounted for approximately 57.9% of the total purchases for the Financial Year and purchases from the largest supplier included therein amounted to approximately 29.9%.

To the best knowledge of the Directors, neither the Directors, their close associates, nor any Shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the Financial Year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in Note 13 to the Consolidated Financial Statements.

BORROWING

As at 31 December 2017, the Group did not have any charges on its assets (2016: Nil).

DIRECTORS

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

Executive Directors:
Mr. LIU Xiaodong *(Chairman)* (appointed on 12 January 2018)
Mr. AN Xilei *(Deputy Chairman) (Note)*
Mr. WONG Hong Gay Patrick Jonathan *(CEO)*
Mr. CHEN Xiaoping (resigned on 31 January 2018)
Mr. MOCK Wai Yin
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)
Mr. WANG Jun

Independent Non-executive Directors:
Mr. CHAN Chi Keung Alan
Mr. LEE Chi Hwa Joshua
Ms. LAU Mei Ying

Note: Mr. An Xilei ceased to act as the Chairman of the Board but was appointed as the Deputy Chairman of the Board, both with effect from 12 January 2018.

In accordance with Article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting. Accordingly, Mr. Liu Xiaodong shall retire from office at the AGM and, being eligible, offer himself for re-election.

In accordance with Article 84 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that each Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Wong Hong Gay Patrick Jonathan, Mr. Chan Chi Keung Alan and Mr. Lee Ch Hwa Joshua shall retire by rotation at the AGM and, being eligible, offer themselves for re-election.

No Director proposed for re-election at the AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

The Company has received annual confirmation of independence from each of its existing Independent Non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all of them are considered to be independent.

PERMITTED INDEMNITY PROVISIONS

The Company has put in place appropriate insurance cover in respect of Directors' liability.

DIRECTORS' SERVICE CONTRACTS

Mr. Wong Hong Gay Patrick Jonathan has entered into a service contract with the Company for an initial fixed term of one year and shall continue thereafter until terminated by, not less than six months' notice in writing served by either party on the other. Each of Mr. Liu Xiaodong (appointed on 12 January 2018 after the year-end date), Mr. An Xilei and Mr. Wang Jun has entered into a service contract with the Company for a term of one year and shall be renewable automatically for successive terms of one year thereafter until terminated by not less than three months' notice in writing served by either party on the other. Mr. Chan Chi Keung Alan has entered into a service contract with the Company for a term of one year renewable automatically for successive terms of one year until terminated by not less than one month's notice in writing served by either party on the other. All the above Directors are subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the Articles. Each of the following Directors, namely Mr. Mock Wai Yin, being an Executive Director; and Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying, both being Independent Non-executive Directors, as at the date of this report, has entered into a letter of appointment with the Company for a service term which is subject to retirement by rotation and re-election at AGMs in accordance with the provisions of the Articles, which may be terminated by not less than three months' notice in writing served by either party on the other.

No Director has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as aforesaid, there was no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the year or at any time during the year.

UPDATE OF DIRECTORS' INFORMATION

Save as disclosed elsewhere in this annual report, changes in information of Directors since the publication of the Company's interim report 2017 were as below pursuant to Rule 17.50A(1) of the GEM Listing Rules:

Mr. Lee Chi Hwa Joshua, an Independent Non-executive Director, resigned as an independent Non-executive director of Teamway International Group Holdings Limited (formerly known as Jin Bao Bao Holdings Limited) (Stock Code: 1239) with effect from 11 August 2017.

DIRECTORS' BIOGRAPHY

The biographical details of the Directors are disclosed in the section headed "Directors' Profile" on pages 17 to 20 of this annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Notes 9 and 8 to the Consolidated Financial Statements respectively.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Pre-IPO Share Option Scheme and Share Option Scheme" below, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

As at 31 December 2017, the Company did not enter into or have any management and administrative contracts in respect of the whole or any principal business of the Company.

CONNECTED TRANSACTIONS

During the year, the Company had not entered into any connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are disclosed in Note 33 to the Consolidated Financial Statements. Such transactions are exempt from the reporting requirement in accordance with Chapter 20 of the GEM Listing Rules in respect of connected transactions.

SHARE OPTION SCHEMES

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme") on 26 March 2011. The principal terms of the aforementioned share option schemes of the Company were summarised in the sections headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in Appendix V to the prospectus of the Company dated 30 June 2011.

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution made by certain then Executive Directors and employees of the Group and to aid the Company in retaining key and senior employees who have assisted in the development and growth of the Group and for their contribution in connection with the Listing thereat; whilst the purpose of the Share Option Scheme is to enable the Company to grant options to selected persons as incentive or rewards for their contribution or future contribution to the Group.

Pre-IPO Share Option Scheme

During the year of 2011, options to subscribe for a total of 12,300,000 shares were granted under the Pre-IPO Share Option Scheme. A nominal consideration of HK$1.00 shall be payable on acceptance of the option within 7 days from the date of grant. The exercise period of the option shall not be more than 10 years from the date of grant of the option. The exercise price per share for each option so granted is HK$0.72, being the placing price per share in the Company on the Listing. As at 1 January 2017, the number of shares in the Company comprised in the outstanding options was 895,778. As a result of the completion of the Rights Issue on 22 September 2017, adjustments have been made to the outstanding options in accordance with the terms and conditions of the Pre-IPO Share Option Scheme, so that with effect from 22 September 2017, the exercise price has been adjusted from HK$2.90 to HK$2.758 and the number of shares in the Company entitled to be subscribed for under the outstanding options has been adjusted from 895,778 to 941,910. Save as the adjustments to the share options as referred to above, no options have been granted, exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme during the year ended 31 December 2017. Accordingly, the number of shares in the Company comprised in the outstanding options under the Pre-IPO Share Option Scheme was 941,910 as at 31 December 2017. For details of adjustments to share options under the Pre-IPO Share Option Scheme, please refer to the Company's announcement dated 21 September 2017.

Share Option Scheme

During the year of 2011, options to subscribe for 11,640,000 shares were granted under the Share Option Scheme. The exercise price per share for each option so granted was HK$0.724. As at 1 January 2017, the number of shares comprised in the outstanding options was 439,942. As a result of the completion of the Rights Issue on 22 September 2017, adjustments have been made to the outstanding options in accordance with the terms and conditions of the Share Option Scheme, so that with effect from 22 September 2017, the exercise price has been adjusted from HK$2.92 to HK$2.777 and the number of shares entitled to be subscribed for under the outstanding options has been adjusted from 439,942 to 462,595. Save as the adjustments to the share options as referred to above, no options have been granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 December 2017. Accordingly, the number of shares comprised in the outstanding options under the Share Option Scheme was 462,595 as at 31 December 2017. For details of adjustments to share options under the Share Option Scheme, please refer to the Company's announcement dated 21 September 2017.

A summary of the movements of the share options granted under the Pre-IPO Share Option Scheme and Share Option Scheme during the year under review is as follows:

							Number of share options					
Grantees	Date of grant	Vesting period	Exercise period	Exercise price at 1 January 2017	Exercise price at 31 December 2017	Outstanding at 1 January 2017	Granted during the Year	Exercised during the Year	Cancelled Lapsed during the Year	Outstanding at 31 December 2017	Market value per share immediately before the date of grant of option	Approximate % of the Company's total issued share capital as at 31 December 2017
Wong Hong Gay Patrick Jonathan	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$2.920	HK2.777 (adjusted)	81,434	–	–	–	85,627 (adjusted)	0.72	0.01%
Chan Chi Keung Alan	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$2.920	HK$2.777 (adjusted)	81,434	–	–	–	85,627 (adjusted)	0.72	0.01%
Employees	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$2.920	HK$2.777 (adjusted)	277,074	–	–	–	291,341 (adjusted)	0.72	0.03%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$2.900	HK$2.758 (adjusted)	895,778	–	–	–	941,910 (adjusted)	N/A	0.08%
Total						1,335,720	–	–	–	1,404,505 (adjusted)		

Additional particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in Note 25 to the Consolidated Financial Statements.

Notes:

1. The options granted under Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:

   (i) 33% of the option shall vest after first twelve months after date of acceptance

   (ii) 33% of the option shall vest after twenty four months after date of acceptance

   (iii) 34% of the option shall vest after thirty six months after date of acceptance

2. The options granted under the Pre-IPO Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:

   (i) 50% of the option shall vest on 28 January 2012

   (ii) 8% of the option shall vest on 28 February 2012

   (iii) 8% of the option shall vest on 28 March 2012

   (iv) 8% of the option shall vest on 28 April 2012

   (v) 8% of the option shall vest on 28 May 2012

   (vi) 8% of the option shall vest on 28 June 2012

   (vii) 10% of the option shall vest on 28 July 2012

3. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 1,147,092,240 shares in issue as at 31 December 2017.

Apart from the aforesaid share option schemes, at no time during the Financial Year was any of the Company and its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

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

As at 31 December 2017, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings 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 required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the ordinary shares of HK$0.10 each in the Company, underlying shares and debentures of the Company

Name of Director	Nature of interests	Number of shares held	Number of underlying shares held *(Note 1)*	Total	Approximate % of shareholding in the Company *(Note 4)*
An Xilei	Interest of controlled corporation (Note 2)	340,000,000	–	340,000,000	29.64%
Wong Hong Gay Patrick Jonathan	Interest of controlled corporation (Note 3)	69,079,800	–	69,079,800	6.02%
	Beneficial owner	–	85,627	85,627	0.01%
Chan Chi Keung Alan	Beneficial owner	–	85,627	85,627	0.01%

Notes:

1. Being personal interests attributable to interests in the share options granted by the Company pursuant to the Share Option Scheme adopted on 26 March 2011, particulars of Directors' interests in such share options are set out in the section headed "Share Option Schemes" above.

2, These Shares are directly held by Profit Cosmo Group Limited, which is owned as to 40% by Mr. An.Xilei ("Mr. An"). Mr. An is therefore deemed to be interested in these shares by virtue of the SFO.

3. These Shares are directly held by iMediaHouse Asia Limited ("iMHA"), which is owned as to approximately 67.09% by iMediaHouse.com Limited which is in turn wholly owned by Mr. Wong Hong Gay Patrick Jonathan ("Mr. Wong"). The remaining interest in iMHA is held by entities ultimately wholly owned by Mr. Wong. Mr. Wong is therefore deemed to be interested in these shares by virtue of the SFO.

4. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 1,147,092,240 Shares in issue as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 December 2017, as far as the Directors or chief executives of the Company are aware, the following persons (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions, in the shares or underlying shares in the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholders	Capacity	Number of shares held	Approximate % of shareholding in the Company
Profit Cosmo Group Limited *(Note 1)*	Beneficial owner	340,000,000	29.64%
Liu Yanhong *(Note 1)*	Interest of controlled corporation	340,000,000	29.64%
iMediaHouse Asia Limited *(Note 2)*	Beneficial owner	69,079,800	6.02%
iMediaHouse.com Limited *(Note 2)*	Interest of controlled corporation	69,079,800	6.02%

Notes:

1. These shares are directly held by Profit Cosmo Group Limited ("PCG") which is owned as to 60% by Mr. Liu Yanhong ("Mr Liu"). Mr. Liu is therefore deemed to be interested in these shares by virtue of the SFO. The remaining 40% interest in PCG is held by Mr. An Xilei, whose interests are disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" above.

2. These Shares are directly held by iMediaHouse Asia Limited ("iMHA") which is owned as to approximately 67.09% by iMediaHouse.com Limited ("iMH") which is in turn wholly owned by Mr. Wong Hong Gay Patrick Jonathan ("Mr. Wong"). The remaining interest in iMHA is held by entities ultimately wholly owned by Mr. Wong, iMH and Mr. Wong are therefore deemed to be interested in these shares by virtue of the SFO, Mr. Wong's interests are disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" above.

3. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 1,147,092,240 shares in issue as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, no other person (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept under Section 336 of the SFO.

COMPETITION AND CONFLICT OF INTERESTS

During the year, none of the Directors, the management or substantial shareholders of the Company or any of their respective close associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group, as defined in the GEM Listing Rules.

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

During the year, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules during the year up to the date of this report.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 21 to 32 in this annual report.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from 7 May 2018 (Monday) to 10 May 2018 (Thursday), both days inclusive, during which period no transfer of shares in the Company shall be registered. In order to qualify for attending the forthcoming annual general meeting of the Company, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 4 May 2018 (Friday).

AUDITOR

A resolution to re-appoint the retiring auditor, PricewaterhouseCoopers, is to be proposed at the forthcoming annual general meeting of the Company.

By order of the Board
Cornerstone Financial Holdings Limited

An Xilei
Deputy Chairman and Executive Director

Hong Kong, 26 March 2018

羅兵咸永道

To the Shareholders of Cornerstone Financial Holdings Limited
(Formerly known as Focus Media Network Limited)
(incorporated in Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Cornerstone Financial Holdings Limited (formerly known as Focus Media Network Limited) (the "Company") and its subsidiaries (the "Group") set out on pages 62 to 128, which comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

— Impairment assessment of film deposits and rights

— Recoverability of margin loans receivable

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of film deposits and rights	
Refer to note 2.9, note 2.14, note 4(a) and note 15 to the consolidated financial statements	
The Group had film deposits and rights with carrying value of approximately HK$139,001,600 before impairment as at 31 December 2017. Management assesses annually and when there is indication of impairment whether the Group's film deposits and rights are impaired in accordance with the Group's accounting policies. The recoverable amounts are supported by value-in-use calculations prepared for each film deposit and right. Management adopted the income approach and prepared discounted cash flow forecast ("DCF"), which required management to take into account of the development status and the cost of funding to complete the development and production of each of the relevant film. A provision for impairment of approximately HK$37,001,600 in respect of the Group's film deposits and rights was made for the year ended 31 December 2017. We focused on this area as the impairment assessment involves the use of significant management judgements to estimate the key assumptions, including box office earnings to production costs multiples, projected film production costs and discount rates, underlying management's value-in-use calculations and impairment assessment.	Our procedures in relation to management's judgements used in the impairment assessment of the Group's film deposits and rights included: — Understanding, evaluating and testing the key controls over the preparation and approval of the cash flows forecast relating to each film deposits and rights; — Evaluating the reasonableness of the key assumptions, including box office earnings to production costs multiples, projected film production costs and discount rates, underlying management's value-in-use calculations with reference to historical box office performance of films in the same genre available in the public domain, our knowledge of the industry and the Group's business; — Testing the source data of the estimated future cash flows to supporting evidence, such as approved budgets and available market data, to consider the reasonableness of box office earnings to production costs multiples and projected film production costs; and — Testing management's sensitivity analysis with respect to variations in box office earnings to production costs multiples and discount rates, to evaluate the extent to which reasonably possible adverse changes, both individually and in aggregate, would result in a further impairment loss to be recognised. We found the management judgements used in the impairment assessment of the Group's film deposits and rights were supported by available evidence.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter

Recoverability of margin loans receivable

Refer to note 2.15, note 4(b) and note 18 to the consolidated financial statements

The Group had margin loans receivable of HK$152,022,021 as at 31 December 2017. All margin loans are bearing interest at commercial rates, secured by the underlying pledged listed securities and are repayable on demand.

Assessment on recoverability of margin loans is determined mainly based upon a detailed analysis of the fair value of the listed securities being collateralised. Based on management's assessment, no provision has been made for the Group's margin loans receivable as at 31 December 2017.

We focused on this area due to the size of the margin loans and the judgements exercised by management, including valuation of the underlying collateral and the corresponding coverage rate of the collateral determined by the Loan-To-Value ("LTV") ratio, in assessing the recoverability of the margin loans receivable.

Our audit procedures in relation to management's assessment on the recoverability of margin loans receivable include:

— Understanding, evaluating and validating the key internal controls over the Group's process on approving the margin loans and respective loan limits, management has considered the repayment ability of respective borrowers and the quality of secured collaterals;

— Understanding, evaluating and validating the key internal controls over the Group's on-going monitoring over the recoverability of margin loans;

— Understanding, evaluating and validating the key internal controls over the Group's margin call procedures for identifying margin shortfall;

— Sending client confirmations to confirm the year end margin loan balances and collaterals on a sampling basis;

— Agreeing the holdings of the collaterals of margin loans to available evidences such as external stock balance report; and

— Assessing if there is any impairment indicators to the margin loans receivable, including comparing and assessing the ratio of margin loan to the market value of collaterals.

We found management's assessment on the recoverability of margin loans receivable to be supported by available evidence.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Chi Hang, Benson.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**2017** **HK$**	2016 HK$
Revenue	5	**92,883,100**	80,646,748
Cost of sales	7	**(38,212,258)**	(33,078,227)
Gross profit		**54,670,842**	47,568,521
Other income — net	6	**3,396,732**	1,624,940
Provision for impairment loss on film deposits and rights	15	**(37,001,600)**	–
Administrative expenses	7	**(81,332,311)**	(65,807,238)
Operating loss		**(60,266,337)**	(16,613,777)
Finance costs	10	**(1,617,001)**	(3,698,644)
Share of loss of an associate	20	**(194,041)**	(118,354)
Loss before income tax		**(62,077,379)**	(20,430,775)
Income tax expense	11	**(50,019)**	–
Loss for the year		**(62,127,398)**	(20,430,775)
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss			
Currency translation differences		**1,865,446**	(523,789)
Total comprehensive loss for the year		**(60,261,952)**	(20,954,564)
Loss for the year attributable to:			
Owners of the Company		**(52,706,931)**	(19,460,622)
Non-controlling interests		**(9,420,467)**	(970,153)
		(62,127,398)	(20,430,775)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(50,840,936)**	(19,984,259)
Non-controlling interests		**(9,421,016)**	(970,305)
		(60,261,952)	(20,954,564)
Loss per share attributable to owners of the Company			(As restated)
— Basic and diluted	12	**(HK cents 12.5)**	(HK cents 11.5)

The notes on pages 68 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 HK$	2016 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	13	**8,663,974**	11,239,747
Intangible assets	14	**3,081,045**	3,500,050
Film deposits and rights	15	**102,000,000**	138,912,831
Available-for-sale financial asset	16	**3,000,000**	3,000,000
Deposits and prepayments	19	**5,837,908**	4,621,740
Pledged bank deposits	21	**585,000**	285,184
Interest in an associate	20	**145,107**	1,131,646
		123,313,034	162,691,198
Current assets			
Inventories	17	**1,645,868**	1,107,786
Margin loans receivable	18	**152,022,021**	–
Trade and other receivables	19	**29,619,111**	28,945,149
Financial asset at fair value through profit or loss	22	**–**	388,500
Pledged bank deposits	21	**311,255**	–
Cash held on behalf of brokerage clients	23	**5,309,334**	20,665,616
Cash and cash equivalents	21	**134,737,011**	73,248,475
		323,644,600	124,355,526
Total assets		**446,957,634**	287,046,724
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	24	**114,709,224**	22,941,845
Share premium		**552,932,232**	440,528,546
Other reserves		**(175,773,165)**	(177,639,160)
Accumulated losses		**(135,074,908)**	(81,788,809)
Equity attributable to owners of the Company		**356,793,383**	204,042,422
Non-controlling interests	35	**60,928,813**	35,470,661
Total equity		**417,722,196**	239,513,083

	Note	2017 HK$	2016 HK$
LIABILITIES			
Current liabilities			
Trade and other payables	26	**19,970,450**	24,328,754
Accounts payable to brokerage clients	27	**5,309,305**	20,678,343
Deferred revenue		**3,905,233**	2,526,544
Income tax payable		**50,450**	–
		29,235,438	47,533,641
Total equity and liabilities		**446,957,634**	287,046,724
Net current assets		**294,409,162**	76,821,885
Total assets less current liabilities		**417,722,196**	239,513,083

The financial statements on pages 62 to 128 were approved by the Board of Directors on 26 March 2018 and were signed on its behalf

Wong Hong Gay Patrick Jonathan
Director

An Xilei
Director

The notes on pages 68 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company								
	Share capital *HK$*	Share premium *HK$*	Capital reserve *HK$*	Exchange reserve *HK$*	Share option reserve *HK$*	Accumulated losses *HK$*	Total *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
Balance at 1 January 2017	**22,941,845**	**440,528,546**	**(176,467,450)**	**(3,192,246)**	**2,020,536**	**(81,788,809)**	**204,042,422**	**35,470,661**	**239,513,083**
Comprehensive loss									
Loss for the year	–	–	–	–	–	**(52,706,931)**	**(52,706,931)**	**(9,420,467)**	**(62,127,398)**
Other comprehensive income/(loss)									
Currency translation differences	–	–	–	**1,865,995**	–	–	**1,865,995**	**(549)**	**1,865,446**
Total comprehensive income/(loss)	–	–	–	**1,865,995**	–	**(52,706,931)**	**(50,840,936)**	**(9,421,016)**	**(60,261,952)**
Transactions with owners									
Rights issue (Note a)									
— Proceeds from rights issue	**91,767,379**	**119,297,593**	–	–	–	–	**211,064,972**	–	**211,064,972**
— Rights issue expenses	–	**(6,893,907)**	–	–	–	–	**(6,893,907)**	–	**(6,893,907)**
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	**34,300,000**	**34,300,000**
Transaction with non-controlling interests *(Note b)*	–	–	–	–	–	**(579,168)**	**(579,168)**	**579,168**	–
Total transactions with owners	**91,767,379**	**112,403,686**	–	–	–	**(579,168)**	**203,591,897**	**34,879,168**	**238,471,065**
Balance at 31 December 2017	**114,709,224**	**552,932,232**	**(176,467,450)**	**(1,326,251)**	**2,020,536**	**(135,074,908)**	**356,793,383**	**60,928,813**	**417,722,196**

Note:

(a) On 22 September 2017, the Company completed a rights issue of four rights shares for every one existing share held by shareholders of the Company at the record date of 30 August 2017 at the subscription price of HK$0.23 per rights share and a total of 917,673,792 rights shares of the Company were issued.

(b) The Company, through its indirect wholly-owned subsidiary, namely Glory Creator Limited, obtained 80% equity interests in Cornerstone Securities Limited, a non-wholly owned subsidiary of the Company. On 10 April 2017, 6 October 2017 and 9 November 2017, upon the issue of new shares by Cornerstone Securities Limited, the Company obtained a further 3.5% equity interests through additional capital injection.

	Attributable to owners of the Company								
	Share capital *HK$*	Share premium *HK$*	Capital reserve *HK$*	Exchange reserve *HK$*	Share option reserve *HK$*	Accumulated losses *HK$*	Total *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
Balance at 1 January 2016	3,823,641	333,877,058	(176,467,450)	(2,668,609)	2,020,536	(62,328,187)	98,256,989	30,440,966	128,697,955
Comprehensive loss									
Loss for the year	–	–	–	–	–	(19,460,622)	(19,460,622)	(970,153)	(20,430,775)
Other comprehensive loss									
Currency translation differences	–	–	–	(523,637)	–	–	(523,637)	(152)	(523,789)
Total comprehensive loss	–	–	–	(523,637)	–	(19,460,622)	(19,984,259)	(970,305)	(20,954,564)
Transactions with owners									
Rights issue									
— Proceeds from rights issue	19,118,204	110,885,583	–	–	–	–	130,003,787	–	130,003,787
— Rights issue expenses	–	(4,234,095)	–	–	–	–	(4,234,095)	–	(4,234,095)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	6,000,000	6,000,000
Total transactions with owners	19,118,204	106,651,488	–	–	–	–	125,769,692	6,000,000	131,769,692
Balance at 31 December 2016	22,941,845	440,528,546	(176,467,450)	(3,192,246)	2,020,536	(81,788,809)	204,042,422	35,470,661	239,513,083

The notes on pages 68 to 128 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 HK$	2016 HK$
Cash flows from operating activities			
Cash used in operations	29(a)	**(173,628,847)**	(15,072,639)
Income tax paid		**–**	–
Net cash used in operating activities		**(173,628,847)**	(15,072,639)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,535,662)**	(6,454,002)
Prepayment for plant and equipment		**(815,150)**	–
Payments for film deposits and rights		**(38,793)**	(2,051,248)
Proceeds from disposal of property, plant and equipment		**–**	200,000
Acquisition of an associate		**–**	(1,250,000)
Proceeds from disposal of financial asset at fair value through profit or loss		**1,602,783**	–
Pledged deposit		**(564,250)**	562,000
Interest received		**11,021**	393
Acquisition of subsidiaries, net of cash acquired		**–**	(6,493,925)
Net cash used in investing activities		**(2,340,051)**	(15,486,782)
Cash flows from financing activities			
Proceeds from borrowings		**89,408,000**	30,000,000
Repayment of borrowings		**(89,408,000)**	(80,000,000)
Interest paid		**(1,617,001)**	(5,917,822)
Proceeds from rights issue		**211,064,972**	130,003,787
Rights issue expenses		**(6,893,907)**	(4,234,095)
Capital contribution from non-controlling interests		**34,300,000**	6,000,000
Net cash generated from financing activities		**236,854,064**	75,851,870
Increase in cash and cash equivalents		**60,885,166**	45,292,449
Cash and cash equivalents at beginning of year	21	**73,248,475**	28,220,819
Exchange gains/(losses) on cash and cash equivalents		**603,370**	(264,793)
Cash and cash equivalents at end of year	21	**134,737,011**	73,248,475
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**135,633,266**	73,533,659
Less: pledged bank deposits		**(896,255)**	(285,184)
Cash and cash equivalents per consolidated statement of cash flows		**134,737,011**	73,248,475

For major non-cash transaction arising during the year ended 31 December 2017, refer to Note 29(c) of the notes to the consolidated financial statements.

The notes on pages 68 to 128 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Cornerstone Financial Holdings Limited (formerly known as "Focus Media Network Limited") (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business was relocated to Room 2703, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong with effect from 13 March 2018 (formerly located at 6th Floor, 603, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong).

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 15 December 2017 and approval from the Registrar of Companies in Cayman Islands on 18 December 2017, the English name of the Company has been changed from "Focus Media Network Limited" to "Cornerstone Financial Holdings Limited" and "基石金融控股有限公司" has been adopted as the Chinese name of the Company, both with effect from 18 December 2017. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 16 January 2018 confirming the registration of the new names of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 16 January 2018.

The principal activities of the Company and its subsidiaries (together, the "Group") are set out in Note 34.

The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial asset at fair value through profit or loss and available-for-sale financial asset, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures

(a) The following amended standards are mandatory for the first time for the financial year beginning 1 January 2017. The adoption of the standards have no material effect on the Group's results and financial position:

HKAS 7 (Amendments)	Statement of cash flows
HKAS 12 (Amendments)	Income taxes
HKFRS 12 (Amendments)	Disclosure of interests in other entities

(b) The following new and amended standards and interpretations to existing standards have been published but are not yet effective for the year ended 31 December 2017 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
HKAS 28 (Amendments)	Investments in associates and joint ventures	1 January 2018
HKAS 40 (Amendments)	Transfers of investment property	1 January 2018
HKFRS 1 (Amendments)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendments)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (Amendments)	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 9 (Amendments)	Prepayment features with negative compensation	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 15 (Amendments)	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HK (IFRIC)-Int 22	Foreign currency transactions and advance consideration	1 January 2018
HK (IFRIC)-Int 23	Uncertainty over income tax treatments	1 January 2019

None of the above is expected to have a significant effect on the Group's consolidated financial statements, except the following:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) The following new and amended standards and interpretations to existing standards have been published but are not yet effective for the year ended 31 December 2017 and which the Group has not early adopted: *(Continued)*

HKFRS 9 "Financial instruments"

HKFRS 9 "Financial instruments" replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

The group has reviewed its financial assets and liabilities and expects that the Group's financial asset that is currently classified as available-for-sale ("AFS") will satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets. Besides, the Group also expects the financial asset that is currently measured at fair value through profit or loss ("FVPL") will continue to be measured on the same basis under HKFRS 9. Accordingly, the group does not expect the new guidance to affect the classification and measurement of these financial assets.

HKFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost, a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables, this day-1 loss will be equal to their lifetime ECL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) The following new and amended standards and interpretations to existing standards have been published but are not yet effective for the year ended 31 December 2017 and which the Group has not early adopted: *(Continued)*

HKFRS 9 "Financial instruments" (Continued)

Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. Management has performed assessment and expects that the implementation of HKFRS 9 would not result in any significant impacts on the Group's financial position and results of operation.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 "Revenue from Contracts with Customers" — This new standard replaces the previous revenue standards: HKAS 18 "Revenue" and HKAS 11 "Construction Contracts", and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer;

(2) Identify separate performance obligations in a contract;

(3) Determine the transaction price;

(4) Allocate transaction price to performance obligations; and

(5) Recognise revenue when performance obligation is satisfied.

The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The major revenue stream for the Group is provision of services, the performance obligations of this revenue is currently recognised in accordance with Note 2.26.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) The following new and amended standards and interpretations to existing standards have been published but are not yet effective for the year ended 31 December 2017 and which the Group has not early adopted: *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

Impact on the revenue recognition timing and amount may arise when multiple performance obligations are identified and satisfied. Incremental costs to obtain a contract will be capitalised under HKFRS 15 if they are expected to be recovered in long term. This could result in additional deferred costs for certain contracts with customers which incur a commission or agency cost at the time of signing up a long term service contract. However, such costs may be expensed as incurred as a practical expedient if the amortisation period of the asset is one year or less. The contracts with customers entered into by the Group are normally for a term less than one year. Management has performed preliminary assessment on the implementation of HKFRS 15 and the initial result indicated that it would not result in any significant impact on the Group's financial position and results of operation other than changes on the disclosure.

Meanwhile, there will be additional disclosure requirement under HKFRS 15 upon its adoption. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

HKFRS 16 "Leases"

HKFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases. The standard replaces HKAS 17 "Leases" and related interpretations. The Group is a lessee of office premises, which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.27. The Group's future operating lease commitments, which are not reflected in the consolidated statement of financial position, under non-cancellable operating lease of HK$34,035,598 as at 31 December 2017, is set out in Note 32.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) The following new and amended standards and interpretations to existing standards have been published but are not yet effective for the year ended 31 December 2017 and which the Group has not early adopted: *(Continued)*

HKFRS 16 "Leases" (Continued)

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the consolidated statement of financial position. This will affect related ratios, such as increase in debt to capital ratio. In the statement of comprehensive income, leases will be recognised in the future as depreciation and amortisation and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortisation under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the financial year beginning on or after 1 January 2019, including the adjustment of prior years. It is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Group has disclosed its non-cancellable operating lease commitments in Note 32. As a result of the adoption of the new standard, there will be no operating lease commitment.

Nevertheless, it is expected that there will be no material impact on the financial position and performance of the Group as the total expenses to be recognised by us over the entire lease period and our total net profit over the lease period is not expected to be materially affected. The adoption of HKFRS 16 would not affect our total cash flows in respect of the leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) The following new and amended standards and interpretations to existing standards have been published but are not yet effective for the year ended 31 December 2017 and which the Group has not early adopted: *(Continued)*

HKFRS 16 "Leases" (Continued)

For lessors, the accounting stays almost the same. Although the standard provides guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), this does not impact the Group as there are no such arrangements in place.

We are continuing to assess the specific magnitude of the adoption of HKFRS 16 to the relevant financial statement areas and will conduct a more detailed assessment on the impact as information become available closer to the planned initial date of the adoption of 1 January 2019.

The management of the Group anticipated that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Associate

An associate is an entity over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Gain or losses on dilution of equity interest in associates are recognised in the statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint ventures are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's executive directors that make strategic decisions.

2.6 Foreign currency transaction

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is also the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Foreign currency transaction *(Continued)*

(b) Transactions and balances *(Continued)*

Foreign exchange gains and losses that relate to cash and cash equivalents, trade and other receivables and trade and other payables are presented in the consolidated statement of comprehensive income within "other income — net".

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group Companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Property, plant and equipment *(Continued)*

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as below:

LCD monitors	5 years
Furniture and office equipment	3–5 years
Computer equipment	3–5 years
Leasehold improvements	3–5 years or over the term of lease, whichever is shorter
Motor vehicles	3–5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income — net" in the consolidated statement of comprehensive income.

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Intellectual properties and licences

Separately acquired rights to use intellectual properties and licences are shown at historical cost. Rights to use intellectual properties and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of rights to use intellectual properties and licences over their estimated useful lives of 5 and 10 years respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "margin loans receivable", "trade and other receivables", "pledged bank deposits", "cash held on behalf of brokerage clients" and "cash and cash equivalents" in the consolidated statement of financial position (see Notes 2.15, 2.16 and 2.17).

(iii) Available-for-sale financial asset

Available-for-sale financial asset is non-derivative that is either designated in this category or not classified in any of the other categories. It is included in non-current asset unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets *(Continued)*

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale financial asset are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of comprehensive income within "other income — net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of non-monetary securities classified as available for sale are recognised in other comprehensive income.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Impairment of financial assets *(Continued)*

(a) Assets carried at amortised cost *(Continued)*

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Film deposits and rights

Film deposits and rights comprise fees paid and payable under agreements and direct expenses incurred during the development and production of films. The file deposits paid to counterparties are initially recognised at cost.

Film rights purchased through acquisition are initially measured as the fair value of the consideration given for the recognition of the film rights.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Film deposits and rights *(Continued)*

Film deposits and rights are stated at cost less accumulated amortisation and accumulated impairment losses. The cost of film deposits and rights are amortised over their estimated useful lives upon release of the film. Film deposits and rights for films not ready for release are not subject to amortisation and are tested annually for impairment.

Impairment is assessed annually or when there is indication of impairment whether film deposits and rights are impaired. The carrying amount of film deposits and rights is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (see Note 2.9).

2.15 Margin loans receivable

Margin loans receivable are amounts due from margin clients for margin financing services rendered in the ordinary course of business. These amounts are bearing interest at commercial rates, secured by the underlying pledged listed securities and are repayable on demand.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Borrowing costs

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

2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Current and deferred income tax *(Continued)*

(b) Deferred income tax *(Continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.23 Employee benefits

(a) Pension obligations

Hong Kong

The Group operates a defined contribution plan, the mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

Singapore

Pursuant to the relevant local regulations in Singapore, the Singapore subsidiaries of the Group are required to contribute to the Central Provident Fund based on the statutory funding requirement. The Group's contributions to the defined contribution plan are charged to the consolidated statement of comprehensive income in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

(b) Other employee benefits

Salaries, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. The amount recognised as a liability and an expense should he measured at the cost of providing the benefits.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2.25 Provisions

Provisions are recognised when (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) Revenue from advertising services is recognised when the related advertisements are telecasted. Barter revenue on advertising is recognised only when the goods or services being exchanged are of a dissimilar nature. Barter revenue is measured at the fair value of the goods or services rendered, adjusted by the amount of any cash or cash equivalents received or paid. If the fair value of the goods or services rendered cannot be reliably measured, the revenue is measured at the fair value of the goods or services received, again adjusted by the amount of cash or cash equivalents received.

(b) Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(c) Revenue from nursery services is recognised in the accounting period in which the services are rendered.

(d) Brokerage commission income is recognised on a trade date basis when the related transactions are executed. Handling and settlement fee income arising from brokerage business is recognised when the related services are rendered.

(e) Interest income is recognised using the effective interest method.

2.27 Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.28 Government grants

Grants from the government are recognised at their fair value in the consolidated statement of comprehensive income where there is a reasonable assurance that the grant will be received and the Group has complied with all attached conditions.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

Foreign exchange risk

The Group operates in Hong Kong, Singapore and the United States and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars ("US$"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operation.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group mitigates this risk by maintaining HK$ and US$ bank accounts to pay for the transactions denominated in these currencies. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

In the opinion of the directors, HK$ are reasonably stable with US$ under the Linked Exchange Rate System, and accordingly, the Group does not have any significant foreign exchange risk in respect of transactions or balances as denominated in US$. Accordingly, no sensitivity analysis is performed on US$.

(b) Credit risk

The Group's credit risk is primarily attributable to deposits with banks, trade and other receivables and margin loans receivable. Management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

Trade receivables have an average credit period of 30 days from the date of invoice unless there is a separate mutual agreement on extension of the credit period. Individual credit evaluations are performed by the Group on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors who have overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

As at year end, the collaterals furnished by the margin clients for security of their loans and advances from the Group are listed securities, which are listed in Hong Kong. The total market value of securities amounted to HK$761,193,186 (2016: nil) and margin loans receivable amounted to HK$152,022,021 (2016: nil). The maximum exposure to credit risk before collateral held or other credit enhancements approximates to the carrying value.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 19.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

The Group also places its deposits with reputable banks to mitigate the risk arising from banks.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet its liquidity requirements in the short and long term.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year or on demand *HK$*	1 to 2 years *HK$*	2 to 5 years *HK$*	Total contractual undiscounted cash flows *HK$*	Carrying amount *HK$*
At 31 December 2017					
Trade and other payables	**19,542,230**	**–**	**–**	**19,542,230**	**19,542,230**
Accounts payable to brokerage clients	**5,309,305**	**–**	**–**	**5,309,305**	**5,309,305**
Total	**24,851,535**	**–**	**–**	**24,851,535**	**24,851,535**
At 31 December 2016					
Trade and other payables	23,891,496	–	–	23,891,496	23,891,496
Accounts payable to brokerage clients	20,678,343	–	–	20,678,343	20,678,343
Total	44,569,839	–	–	44,569,839	44,569,839

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (including "current borrowing" as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

Management considers the Group's capital risk is minimal as the Group did not have borrowing as at 31 December 2017 and 2016.

3.3 Fair value estimation

The carrying value less impairment provision of current receivables and payables are a reasonable approximation of their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2017 and 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value at 31 December 2017 and 2016.

	Level 1 *HK$*	**Level 2** *HK$*	**Level 3** *HK$*	**Total** *HK$*
As at 31 December 2017				
Asset				
Available-for-sale financial asset	**–**	**–**	**3,000,000**	**3,000,000**
As at 31 December 2016				
Asset				
Available-for-sale financial asset	–	–	3,000,000	3,000,000
Financial asset at fair value through profit or loss	–	–	388,500	388,500
	–	–	3,388,500	3,388,500

There were no transfers between levels 1, 2 and 3 during the year.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of financial asset at fair value through profit or loss that is not quoted in an active market is referenced to the net asset value of investment.

The fair value of available-for-sale financial asset is measured by comparing with comparable companies that are listed in the same sector.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

Financial instrument in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2017.

	Financial asset at fair value through profit or loss *HK$*	**Available-for-sale financial asset** *HK$*	**Total** *HK$*
Opening balance	**388,500**	**3,000,000**	**3,388,500**
Fair value gain recognised in other income — net	**1,226,211**	**–**	**1,226,211**
Derecognition of financial asset	**(1,602,783)**	**–**	**(1,602,783)**
Exchange difference on translation	**(11,928)**	**–**	**(11,928)**
Closing balance	**–**	**3,000,000**	**3,000,000**
Total gains or losses for the year included in the consolidated statement of comprehensive income for assets held at the end of the year, under "Other income — net"	**1,226,211**	**–**	**1,226,211**
Changes in unrealised gains or losses for the year included in the consolidated statement of comprehensive income at the end of the year	**–**	**–**	**–**

The following table presents the changes in level 3 instruments for the year ended 31 December 2016.

	Financial asset at fair value through profit or loss *HK$*	Available-for-sale financial asset *HK$*	Total *HK$*
Opening balance	–	3,000,000	3,000,000
Fair value gain recognised in other income — net	388,500	–	388,500
Closing balance	388,500	3,000,000	3,388,500
Total gains or losses for the year included in the consolidated statement of comprehensive income for assets held at the end of the year, under "Other income — net"	388,500	–	388,500
Changes in unrealised gains or losses for the year included in the consolidated statement of comprehensive income at the end of the year	388,500	–	388,500

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of film deposits and rights

The Group assesses annually or when there is indication of impairment whether film deposits and rights are impaired in accordance with the Group's accounting policy stated in Note 2.14. Such assessment is performed specifically for each film deposit and right with reference to the cast or scale of each film and on the assumption that funding for development and production of the film are available. According to the management's cash flow forecast in respect of each film deposit, provision for impairment loss on film deposits and rights of HK$37,001,600 (2016: nil) was recognised in the consolidated statement of comprehensive income to reduce the carrying amounts of film deposits and rights to its recoverable amounts. If projected net cash inflow from these films were to deteriorate, additional provision for impairment may be required. Please refer to Note 15 to the consolidated financial statements for details of the key assumptions adopted in the management's cash flow forecast and the sensitivity analysis.

(b) Provision for impairment of trade and other receivables and margin loans receivable

Significant judgement is exercised in the assessment of the collectability of trade and other receivables from customers and margin loans receivable. In making its judgement on collectability of trade and other receivables from customers, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customers' payment pattern including subsequent payments and customers' financial position. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. In making its judgement on collectability of margin loans receivable, management assessed mainly based upon a detailed analysis of the fair value of the listed securities being collateralised.

(c) Revenue recognition

The Group recognises revenue when the significant risks and rewards of ownership of any goods and services have been transferred, in accordance with the accounting policies for revenue recognition as set out in Note 2.26. The assessment of when the Group has transferred the significant risks and rewards of ownership to customers and whether the Group acts as a principal requires the examination of the circumstance of the transaction. The Group's advertising clients include advertisers that directly purchase advertisements from the Group and third-party advertising agencies that are retained by some advertisers to place advertisements on the advertisers' behalf. In arrangements where the Group pays variable fees or share revenue with landlords, and insofar as the Group bears the risks and rewards incidental to the activity, the Group recognises all gross advertising income as revenue and records the fees paid or revenue shared as cost of sales. As part of the industry practice, the Group offers agency commissions to these third-party advertising agencies. The agency commissions in which the advertising agencies are entitled to are based on certain percentage of revenue generated by the Group. The Group records revenues on a net basis and the associated agency commissions are recorded as a deduction from the revenue because the advertising agencies are acting on behalf of the advertisers and are also considered as the Group's customers.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Impairment of goodwill

The Group conducts reviews annually whether goodwill has suffered any impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts of CGUs have been determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations.

Details of the key assumptions selected by management in assessing impairment of goodwill are stated in Note 14.

5 SEGMENT INFORMATION

The CODM has been identified collectively as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

In current year, management regularly reviews the operating results from a perspective of different activities instead of geographical perspective in last year. Management assesses the performance of the following operating segments:

— Advertising and media

— Retail of skin care products

— Provision of early childhood education

— Film development, production and distribution

— Financial services, mainly include securities brokerage business and margin financing business

5 SEGMENT INFORMATION *(Continued)*

Management assesses the performance of the operating segments based on a measure of gross profits.

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2017 and 2016 is as follows:

	Advertising and media *HK$*	Retail of skin care products *HK$*	Provision of early childhood education *HK$*	Film development, production and distribution *HK$*	Financial services *HK$*	Total *HK$*
For the year ended 31 December 2017						
Segment revenue	**76,473,091**	**5,645,943**	**2,748,512**	**–**	**8,015,554**	**92,883,100**
Segment results	**42,340,894**	**1,666,713**	**2,647,681**	**–**	**8,015,554**	**54,670,842**
Provision for impairment loss on film deposits and rights	**–**	**–**	**–**	**(37,001,600)**	**–**	**(37,001,600)**
For the year ended 31 December 2016						
Segment revenue	75,293,554	4,448,511	866,066	–	38,617	80,646,748
Segment results	45,086,959	1,594,085	848,860	–	38,617	47,568,521

5 SEGMENT INFORMATION *(Continued)*

A reconciliation of segment results to loss before income tax is provided as follows:

	2017 *HK$*	2016 *HK$*
Segment results	**54,670,842**	47,568,521
Other income — net	**3,396,732**	1,624,940
Provision for impairment loss on film deposits and rights	**(37,001,600)**	–
Administrative expenses	**(81,332,311)**	(65,807,238)
Operating loss	**(60,266,337)**	(16,613,777)
Finance costs	**(1,617,001)**	(3,698,644)
Share of loss of an associate	**(194,041)**	(118,354)
Loss before income tax	**(62,077,379)**	(20,430,775)

The total non-current assets by the reportable segments as at 31 December 2017 and 2016 are as follow:

	Advertising and media *HK$*	**Retail of skin care products** *HK$*	**Provision of early childhood education** *HK$*	**Film development, production and distribution** *HK$*	**Financial services** *HK$*	**Unallocated non-current assets** *HK$*	**Total** *HK$*
As at 31 December 2017							
Non-current assets	**14,847,118**	**126,208**	**26,093**	**102,000,000**	**4,474,145**	**1,839,470**	**123,313,034**
As at 31 December 2016							
Non-current assets	17,911,490	122,620	626,231	138,912,831	5,118,026	–	162,691,198

Segment assets mainly exclude assets that are managed on a central basis.

Geographical information

The Group's operations are located in Hong Kong, Singapore and the United States.

5 SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

The Group's segment revenue from external customers determined based on location of operation of the Group and information about its non-current assets by geographical location of the assets are detailed below:

	Hong Kong *HK$*	**Singapore** *HK$*	**United States** *HK$*	**Total** *HK$*
For the year ended 31 December 2017				
Segment revenue	**50,985,845**	**47,127,791**	**–**	**98,113,636**
Inter-segment revenue	**(171,945)**	**(5,058,591)**	**–**	**(5,230,536)**
Revenue (from external customers)	**50,813,900**	**42,069,200**	**–**	**92,883,100**
Segment results	**29,474,728**	**25,196,114**	**–**	**54,670,842**
For the year ended 31 December 2016				
Segment revenue	45,944,122	36,656,689	–	82,600,811
Inter-segment revenue	(605,623)	(1,348,440)	–	(1,954,063)
Revenue (from external customers)	45,338,499	35,308,249	–	80,646,748
Segment results	25,310,643	22,257,878	–	47,568,521

The total non-current assets located in Hong Kong, Singapore and the United States are HK$16,779,553 (2016: HK$19,824,478), HK$4,533,481 (2016: HK$3,953,889) and HK$102,000,000 (2016: HK$138,912,831) respectively.

None of the customers accounted for 10% or more of the Group's total revenue for the year ended 31 December 2017 (2016: nil).

6 OTHER INCOME — NET

	2017 *HK$*	2016 *HK$*
Net exchange gains	**38**	150,975
Government grants	**420,943**	481,707
Interest income	**11,021**	393
Sundry income	**825,961**	333,610
Gain on disposal of property, plant and equipment	**–**	9,013
Production income	**912,558**	260,742
Financial asset at fair value through profit or loss		
— Fair value gain *(Note 22)*	**1,226,211**	388,500
	3,396,732	1,624,940

7 EXPENSES BY NATURE

	2017 HK$	2016 HK$
Revenue sharing with landlords of Office and Commercial Networks *(Note)*	**11,221,758**	9,229,901
Revenue sharing with landlords of In-store Networks *(Note)*	**2,121,003**	2,405,555
Revenue sharing with owners of Online Video Streaming Platforms *(Note)*	**–**	77,259
Revenue sharing with owners of Residential Networks *(Note)*	**297,173**	327,878
Cost of inventories	**3,722,837**	2,672,793
Sales commission	**4,987,150**	5,344,817
Production and installation	**3,088,482**	2,367,954
Auditor's remuneration	**1,698,800**	1,594,144
Depreciation *(Note 13)*	**5,476,555**	5,581,633
Amortisation *(Note 14)*	**419,005**	419,004
Operating lease payments		
— Outdoor billboards	**13,300,365**	10,153,014
— In-store Networks	**–**	499,056
— Land and building	**10,248,703**	8,255,046
Employee benefit expenses *(Note 8)*	**43,572,299**	37,170,403
Write-off of trade receivables	**250,161**	–
Marketing and promotion expenses	**3,960,880**	2,382,324
Travelling expenses	**1,398,464**	1,558,420
Professional fees	**904,186**	1,205,120
Impairment of interest in an associate *(Note 20)*	**792,498**	–
Other expenses	**12,084,250**	7,641,144
Total cost of sales and administrative expenses	**119,544,569**	98,885,465
Representing:		
Cost of sales	**38,212,258**	33,078,227
Administrative expenses	**81,332,311**	65,807,238
	119,544,569	98,885,465

Note: There are no minimum lease payments to landlords of Office and Commercial Networks and In-store Networks, owners of Residential Networks and owners of Online Video Streaming Platforms. Revenue sharing with landlords of Office and Commercial Networks and In-store Networks, owners of Residential Networks and owners of Online Video Streaming Platforms was calculated based on the rates agreed between the Group and landlords and owners and is recognised as cost of sales when the related advertisements are telecasted.

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2017	2016
	HK$	*HK$*
Salaries, wages and allowances	**38,683,164**	33,643,260
Pension costs — defined contribution plans	**2,572,386**	2,244,987
Other post-employment benefits	**2,316,749**	1,282,156
	43,572,299	37,170,403

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2016: two) directors whose emoluments are reflected in the analysis shown in Note 9. The emoluments payable to the remaining three (2016: three) individuals during the year are as follows:

	2017	2016
	HK$	*HK$*
Basic salaries and allowances	**4,290,916**	3,840,455
Pension costs — defined contribution plans	**54,000**	54,000
	4,344,916	3,894,455

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
HK$1,000,001–HK$1,500,000	**2**	3
HK$1,500,001–HK$2,000,000	**1**	–

9 DIRECTORS' AND SENIOR EXECUTIVE'S EMOLUMENTS

(a) The remuneration of directors of the Company for the year ended 31 December 2017 is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking						
Name	Fee	Salary	Housing allowance	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Executive Directors						
An Xilei *(Note a)*	–	350,000	–	–	–	350,000
Wong Hong Gay Patrick Jonathan	–	1,950,000	768,000	–	18,000	2,736,000
Chen Xiaoping *(Note b)*	–	1,992,000	–	–	–	1,992,000
Mock Wai Yin	–	520,000	–	–	–	520,000
Lam Hoi Yu Nicki *(Note c)*	–	480,000	–	–	–	480,000
Wang Jun	–	240,000	–	–	–	240,000
Independent Non-executive Directors						
Chan Chi Keung Alan	260,000	–	–	–	–	260,000
Lee Chi Hwa Joshua	260,000	–	–	–	–	260,000
Lau Mei Ying	260,000	–	–	–	–	260,000
Total emoluments	780,000	5,532,000	768,000	–	18,000	7,098,000

Notes:

(a) Redesignated as deputy chairman on 12 January 2018.

(b) Resigned on 31 January 2018.

(c) Resigned on 12 January 2018.

9 DIRECTORS' AND SENIOR EXECUTIVE'S EMOLUMENTS *(Continued)*

(a) The remuneration of directors of the Company for the year ended 31 December 2017 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking					
Name	Fee	Salary	Housing allowance	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Executive Directors						
An Xilei *(Note a)*	–	–	–	–	–	–
Wong Hong Gay Patrick Jonathan *(Note b)*	–	1,950,000	768,000	–	18,000	2,736,000
Chen Xiaoping	–	2,158,000	–	–	16,500	2,174,500
Mock Wai Yin	–	520,000	–	–	–	520,000
Lam Hoi Yu Nicki *(Note c)*	–	284,000	–	–	–	284,000
Wang Jun *(Note d)*	–	128,387	–	–	–	128,387
Lam Chun Yin *(Note e)*	–	237,333	–	–	–	237,333
Independent Non-executive Directors						
Chan Chi Keung Alan	260,000	–	–	–	–	260,000
Lee Chi Hwa Joshua	260,000	–	–	–	–	260,000
Lau Mei Ying	260,000	–	–	–	–	260,000
Total emoluments	780,000	5,277,720	768,000	–	34,500	6,860,220

Notes:

(a) Appointed on 1 December 2016.

(b) Redesignated on 1 December 2016.

(c) Appointed on 28 June 2016.

(d) Appointed on 19 July 2016.

(e) Resigned on 28 June 2016.

During the year, no director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments (2016: nil).

9 DIRECTORS' AND SENIOR EXECUTIVE'S EMOLUMENTS *(Continued)*

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2016: nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2017, the Company did not pay consideration to any third parties for making available directors' services (2016: nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2017, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2016: nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2016: nil).

10 FINANCE COSTS

	2017 ***HK$***	2016 *HK$*
Interest expense		
— Borrowings	**1,617,001**	3,698,644

11 INCOME TAX EXPENSE

	2017	2016
	HK$	*HK$*
Current income tax on profits for the year	**50,019**	–
Deferred income tax *(Note 28)*	**–**	–
	50,019	–

Provision for Singapore profits tax of HK$50,019 has been made in these consolidated financial statements (2016: no provision for Hong Kong and Singapore profits tax as the tax losses brought forward from previous years exceed the estimated assessable profits). The profits tax rates for Hong Kong and Singapore are 16.5% (2016: 16.5%) and 17% (2016: 17%) respectively.

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

	2017	2016
	HK$	*HK$*
Loss before income tax	**(62,077,379)**	(20,430,775)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(16,232,078)**	(839,088)
Income not subject to tax	**(315,490)**	(174,870)
Expenses not deductible for tax purpose	**15,680,531**	775,268
Tax losses for which no deferred income tax asset was recognised	**1,376,016**	1,247,787
Utilisation of previously unrecognised tax losses	**(458,960)**	(1,009,097)
Income tax expense	**50,019**	–

12 LOSS PER SHARE

(a) Basic

The calculation of basic loss per share is based on the consolidated loss attributable to owners for the year ended 31 December 2017 of HK$52,706,931 (2016: loss of HK$19,460,622) and on the weighted average number of 422,853,444 (2016: 169,620,336) of ordinary shares in issue during the year after the adjustment of the rights issue as set out in Note 24.

The comparative figures for the basic loss per share for the year ended 31 December 2016 are restated to take into account of the effect of the rights issue completed during the year as if they had been taken place since the beginning of the comparative period. The weighted average number of ordinary shares outstanding was retrospectively increased to reflect the discount in the rights issue. For the year ended 31 December 2016, the weighted average number of ordinary shares in issue was 161,312,401 before restatement.

	2017	2016 (As restated)
Loss attributable to owners of the Company (HK$)	**(52,706,931)**	(19,460,622)
Weighted average number of ordinary shares in issue	**422,853,444**	169,620,336
Basic loss per share	**(HK cents 12.5)**	(HK cents 11.5)

(b) Diluted

Diluted loss per share is the same as basic loss per share as potential dilutive ordinary shares outstanding during the year ended 31 December 2017 have no dilutive effect (2016: same).

13 PROPERTY, PLANT AND EQUIPMENT

	LCD monitors HK$	Furniture and office equipment HK$	Computer equipment HK$	Leasehold improvements HK$	Motor vehicles HK$	Total HK$
At 1 January 2016						
Cost	21,667,962	1,211,692	3,613,412	3,636,414	4,450,722	34,580,202
Accumulated depreciation	(15,841,241)	(1,124,408)	(3,061,413)	(2,382,315)	(1,702,869)	(24,112,246)
Net book amount	5,826,721	87,284	551,999	1,254,099	2,747,853	10,467,956
Year ended 31 December 2016						
Opening net book amount	5,826,721	87,284	551,999	1,254,099	2,747,853	10,467,956
Additions	516,875	236,444	427,316	4,605,030	696,000	6,481,665
Acquisitions of subsidiaries	–	–	463,817	–	–	463,817
Disposals	–	–	–	(358,575)	(190,987)	(549,562)
Depreciation *(Note 7)*	(1,970,483)	(63,801)	(301,476)	(1,747,175)	(1,498,698)	(5,581,633)
Exchange difference on translation	(33,930)	(75)	(6,579)	(395)	(1,517)	(42,496)
Closing net book amount	4,339,183	259,852	1,135,077	3,752,984	1,752,651	11,239,747
At 31 December 2016						
Cost	21,951,709	1,439,895	4,561,192	7,699,499	4,502,057	40,154,352
Accumulated depreciation	(17,612,526)	(1,180,043)	(3,426,115)	(3,946,515)	(2,749,406)	(28,914,605)
Net book amount	4,339,183	259,852	1,135,077	3,752,984	1,752,651	11,239,747
Year ended 31 December 2017						
Opening net book amount	**4,339,183**	**259,852**	**1,135,077**	**3,752,984**	**1,752,651**	**11,239,747**
Additions	**1,437,715**	**77,740**	**540,139**	**480,068**	**–**	**2,535,662**
Depreciation *(Note 7)*	**(1,918,875)**	**(95,310)**	**(453,750)**	**(1,847,572)**	**(1,161,048)**	**(5,476,555)**
Exchange difference on translation	**240,452**	**1,015**	**35,628**	**66,083**	**21,942**	**365,120**
Closing net book amount	**4,098,475**	**243,297**	**1,257,094**	**2,451,563**	**613,545**	**8,663,974**
At 31 December 2017						
Cost	**24,359,498**	**1,550,498**	**5,245,733**	**8,223,031**	**4,579,078**	**43,957,838**
Accumulated depreciation	**(20,261,023)**	**(1,307,201)**	**(3,988,639)**	**(5,771,468)**	**(3,965,533)**	**(35,293,864)**
Net book amount	**4,098,475**	**243,297**	**1,257,094**	**2,451,563**	**613,545**	**8,663,974**

14 INTANGIBLE ASSETS

	Goodwill HK$	Rights to use intellectual properties HK$	Licence HK$	Total HK$
At 1 January 2016				
Cost	–	3,265,000	2,102,411	5,367,411
Accumulated amortisation	–	(2,126,428)	(2,102,411)	(4,228,839)
Net book amount	–	1,138,572	–	1,138,572
Year ended 31 December 2016				
Opening net book amount	–	1,138,572	–	1,138,572
Acquisition of subsidiaries	2,780,482	–	–	2,780,482
Amortisation *(Note 7)*	–	(419,004)	–	(419,004)
Closing net book amount	2,780,482	719,568	–	3,500,050
At 31 December 2016				
Cost	2,780,482	3,265,000	2,102,411	8,147,893
Accumulated amortisation	–	(2,545,432)	(2,102,411)	(4,647,843)
Net book amount	2,780,482	719,568	–	3,500,050
Year ended 31 December 2017				
Opening net book amount	**2,780,482**	**719,568**	**–**	**3,500,050**
Amortisation *(Note 7)*	**–**	**(419,005)**	**–**	**(419,005)**
Closing net book amount	**2,780,482**	**300,563**	**–**	**3,081,045**
At 31 December 2017				
Cost	**2,780,482**	**3,265,000**	**2,102,411**	**8,147,893**
Accumulated amortisation	**–**	**(2,964,437)**	**(2,102,411)**	**(5,066,848)**
Net book amount	**2,780,482**	**300,563**	**–**	**3,081,045**

The Group acquired the securities brokerage business together with the relevant assets and liabilities, and the interest in Glory Creator Limited in November 2016. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the securities brokerage CGU.

14 INTANGIBLE ASSETS *(Continued)*

The recoverable amounts of CGU are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash-flows beyond the five-year period are extrapolated using an estimated annual growth rate based on industry growth forecasts. Management determined the budgeted gross margin based on past performance and its expectation for market development. The discount rates used are the CGU specific weighted average cost of capital, adjusted for the risks of the specific CGU.

As at 31 December 2017, the Group performed its annual goodwill impairment test. No impairments were recognised for the goodwill related to securities brokerage CGU since the recoverable amounts were greater than their carrying amounts.

15 FILM DEPOSITS AND RIGHTS

	Film deposits and rights *HK$*
Year ended 31 December 2016	
Opening net book amount	136,845,195
Additions	2,051,248
Exchange difference on translation	16,388
Closing net book amount	138,912,831
At 31 December 2016	
Cost	138,912,831
Accumulated amortisation	–
Net book amount	138,912,831
Year ended 31 December 2017	
Opening net book amount	**138,912,831**
Additions	**38,793**
Provision for impairment	**(37,001,600)**
Exchange difference on translation	**49,976**
Closing net book amount	**102,000,000**
At 31 December 2017	
Cost	**139,001,600**
Accumulated amortisation and impairment losses	**(37,001,600)**
Net book amount	**102,000,000**

15 FILM DEPOSITS AND RIGHTS *(Continued)*

The recoverable amounts of the Group's film deposits and rights are supported by value-in-use calculations with multi-period excess earnings ("MEEM") method that have taken into account the estimated future cash flows, the status of each film and the availability of funding to complete the film.

For the Group's film deposits and rights, the recoverable amount calculated based on value-in-use calculations was approximately HK$102,000,000 (2016: HK$157,000,000), which was lower than the carrying value before provision for impairment by HK$37,001,600 (2016: nil). This was mainly attributable to (i) the reduction in expected box office revenue due to the increased competitiveness in the film industry; (ii) a proposed draft co-financing arrangement which led to a lower revenue sharing by the Group; and (iii) the delay in the progress of the film development. As such, a provision for impairment of HK$37,001,600 on the film deposits and rights was made during the year ended 31 December 2017.

The key assumptions used for value-in-use calculations are as follows:

	2017	2016
Box office earnings to production cost multiples	**5.8–5.9**	5.8–5.9
Discount rate	**20.6%**	19.6%

These calculations use estimated future cash flows relating to each film deposits and rights based on financial budgets approved by the board of director. Management determined box office earnings to production cost multiples with reference to available market information and industry practice. The discount rate used is pre-tax and reflect specific risk relating to the relevant assets.

A decrease in box office earnings to production cost multiples to 5.74-5.84 or increase in discount rate by 1%, all changes taken in isolation, would result in a further provision for impairment of HK$6,000,000 and HK$7,000,000, respectively.

16 AVAILABLE-FOR-SALE FINANCIAL ASSET

	2017 ***HK$***	2016 *HK$*
At beginning of the year	**3,000,000**	3,000,000
Addition	**–**	–
At end of the year	**3,000,000**	3,000,000
Unlisted investment		
— Equity security	**3,000,000**	3,000,000

Available-for-sale financial asset is denominated in HK$.

17 INVENTORIES

	2017	2016
	HK$	*HK$*
Finished goods	**1,645,868**	1,107,786

The cost of inventories recognised as expense and included in "cost of sales" amounted to HK$3,722,837 (2016: HK$2,672,793). No provision was made on the inventories as at 31 December 2017.

18 MARGIN LOANS RECEIVABLE

Margin loans to third parties are bearing interest at commercial rates, secured by the underlying pledged securities and are repayable on demand. The carrying values of margin loans approximate to their fair values and are denominated in Hong Kong dollars. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis is not meaningful in view of the nature of the business of securities margin financing.

19 TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$	*HK$*
Trade receivables — third parties	**21,359,904**	18,060,613
Less: provision for impairment of trade receivables	**–**	–
Trade receivables — net	**21,359,904**	18,060,613
Prepayments, deposits and other receivables	**14,097,115**	15,506,276
	35,457,019	33,566,889
Less non-current portion:		
Rental deposit	**(4,522,758)**	(4,121,740)
Prepayment for acquisition of plant and equipment	**(815,150)**	–
Deposit with Hong Kong Exchanges and Clearing Limited	**(500,000)**	(500,000)
	(5,837,908)	(4,621,740)
Current portion	**29,619,111**	28,945,149

The carrying amounts of trade and other receivables approximate their fair values.

19 TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31 December 2017, the ageing analysis of trade receivables based on invoice date was as follows:

	2017	2016
	HK$	*HK$*
Up to 30 days	**5,952,119**	5,232,329
31–60 days	**7,503,011**	6,644,747
Over 60 days	**7,904,774**	6,183,537
	21,359,904	18,060,613

The majority of the Group's sales are mainly on average credit terms of 30 days. Trade receivables of HK$15,407,785 (2016: HK$12,828,284) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2017	2016
	HK$	*HK$*
Neither past due nor impaired	**5,952,119**	5,232,329
0–30 days past due	**7,503,011**	6,644,747
31–60 days past due	**3,390,452**	3,646,572
Over 60 days past due	**4,514,322**	2,536,965
Past due but not impaired *(Note a)*	**15,407,785**	12,828,284
	21,359,904	18,060,613

Note:

(a) Past due but not impaired comprised of receivables from 72 (2016: 71) customers with 246 (2016: 132) campaign orders.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group or a sound credit quality. Based on past experience and regular credit risk assessment performed on all significant outstanding trade receivables, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral over these balances.

19 TRADE AND OTHER RECEIVABLES *(Continued)*

	2017	2016
	HK$	*HK$*
At 1 January	**–**	194,998
Receivables written off during the year as uncollectible	**–**	(194,998)
At 31 December	**–**	–

As of 31 December 2017, no (2016: nil) trade receivables were provided for and HK$250,161 (2016: nil) of trade receivables were written off during the year ended 31 December 2017.

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2017	2016
	HK$	*HK$*
HK$	**18,723,576**	21,135,825
Singapore dollars (“SG$”)	**16,642,857**	12,349,931
US$	**90,586**	81,133
	35,457,019	33,566,889

20 INTEREST IN AN ASSOCIATE

	2017	2016
	HK$	*HK$*
Investment in an associate	**158,749**	158,749
Loan to an associate	**1,091,251**	1,091,251
Share of loss of an associate	**(312,395)**	(118,354)
Impairment of interest in an associate *(Note 7)*	**(792,498)**	–
	145,107	1,131,646

20 INTEREST IN AN ASSOCIATE *(Continued)*

Movement in the investment in an associate is as follows:

	2017 *HK$*	2016 *HK$*
At beginning of the year	**1,131,646**	–
Addition	**–**	1,250,000
Share of loss of an associate	**(194,041)**	(118,354)
Impairment of interest in an associate *(Note 7)*	**(792,498)**	–
At end of the year	**145,107**	1,131,646

The following are the details of the investment in an associate as at 31 December 2017:

Name of company	Place of incorporation and operation	Proportion of ownership interest held by a subsidiary 2017	2016	Principal activities	Measurement method
Wisefit Smooth Limited	British Virgin Islands ("BVI")	**36%**	36%	Retail of fruit drink in Hong Kong	Equity

Wisefit Smooth Limited is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's investment in an associate, and there are no contingent liabilities of the associate itself as at 31 December 2017.

20 INTEREST IN AN ASSOCIATE *(Continued)*

Interest in an associate is accounted for using the equity method.

	2017 **HK$**	2016 HK$
Aggregate carrying amount of individually immaterial associate	**145,107**	1,131,646
Aggregate amounts of the Group's share of:		
Loss for the year	**194,041**	118,354
Other comprehensive income	**–**	–
Total comprehensive loss	**194,041**	118,354

21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2017 **HK$**	2016 HK$
Cash at bank and on hand	**134,737,011**	73,248,475
Maximum exposure of credit risk	**135,557,193**	73,556,338
Cash and cash equivalents for the purposes of the consolidated statement of cash flows	**134,737,011**	73,248,475
Pledged bank deposits *(Note a)*	**896,255**	285,184
	135,633,266	73,533,659
Less non-current portion:		
Pledged bank deposits *(Note a)*	**(585,000)**	(285,184)
Current portion	**135,048,266**	73,248,475

21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS *(Continued)*

The carrying amounts of the cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	2017	2016
	HK$	*HK$*
HK$	**124,439,651**	64,428,514
SG$	**8,610,133**	6,647,295
RMB	**299,065**	103,382
US$	**2,284,417**	2,354,468
	135,633,266	73,533,659

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Notes:

(a) As at 31 December 2017, bank deposits of HK$896,255 (2016: HK$285,184) were pledged to a bank for guarantees issued by the bank.

(b) As at 31 December 2017, funds of the Group denominated in RMB amounting to HK$295,469 (2016: HK$5,443) were kept in bank accounts opened with banks in the PRC where the remittance of funds is subject to foreign exchange controls.

22 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	HK$	*HK$*
At beginning of the year	**388,500**	–
Fair value gain *(Note 6)*	**1,226,211**	388,500
Derecognition of financial asset at fair value through profit or loss	**(1,602,783)**	–
Exchange difference on translation	**(11,928)**	–
At end of the year	**–**	388,500

23 CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statement of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that they are liable for any loss or misappropriation of their brokerage clients' monies. Cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

24 SHARE CAPITAL

	Number of ordinary shares	Share Capital *HK$*
Authorised:		
Balance at beginning of the year (ordinary shares of HK$0.1 each)	**1,000,000,000**	**100,000,000**
Increase in authorised shares	**4,000,000,000**	**400,000,000**
Balance at end of the year (ordinary shares of HK$0.1 each)	**5,000,000,000**	**500,000,000**
Issued and fully paid:		
At 1 January 2016	382,364,080	3,823,641
Issue of shares under Rights Issue *(Note a)*	1,911,820,400	19,118,204
Share Consolidation *(Note b)*	(2,064,766,032)	–
At 31 December 2016	229,418,448	22,941,845
Issue of shares under Rights Issue *(Note c)*	**917,673,792**	**91,767,379**
At 31 December 2017	**1,147,092,240**	**114,709,224**

Note:

(a) On 26 May 2016, the Company completed a rights issue of five rights shares for every one ordinary share then held by qualifying shareholders at a subscription price of HK$0.068 per rights share ("Right Issue"), resulting in the allotment and issue of 1,911,820,400 rights shares. Accordingly, the number of shares of the Company in issue changed from 382,364,080 shares of HK$0.01 each to 2,294,184,480 shares of HK$0.01 each. The net proceeds from the Rights Issue, after deducting directly attributable costs, amounted to approximately HK$125.8 million.

(b) Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company on 1 November 2016, the shareholders of the Company have approved the consolidation of every ten shares of HK$0.01 each into one consolidated share of HK$0.1 each in the issued and unissued share capital of the Company with effect from 2 November 2016 ("Share Consolidation").

(c) On 22 September 2017, the Company completed a rights issue of four rights shares for every one existing share held by qualifying shareholders at a subscription price of HK$0.23 per rights share ("Right Issue"), resulting in the allotment and issue of 917,673,792 rights shares. Accordingly, the number of shares of the Company in issue changed from 229,418,448 shares of HK$0.1 each to 1,147,092,240 shares of HK$0.1 each. The net proceeds from the Rights Issue, after deducting directly attributable costs, amounted to approximately HK$204.2 million.

25 SHARE-BASED PAYMENTS

(a) Pre-IPO share option scheme

Pursuant to the written resolutions of the shareholders dated 26 March 2011, selected executive directors and employees are granted a total share option of 12,300,000 shares (the "Pre-IPO Share Option") under the Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme"). The exercise price per share under the Pre-IPO Share Option Scheme shall be equal to the placing price (i.e. HK$0.72 per share). Each of the Pre-IPO Share Option has a 10-year exercisable period, from 28 July 2011, and ending on the expiration of the tenth anniversary of the date of acceptance of the grant of options, on 27 July 2021 ("Expiry Date").

Commencing from the date on which trading in the shares of the Company first commenced on the Hong Kong Stock Exchange, being the Listing Date, the expiry of the first six months, each month thereafter up to the eleventh month and the twelfth month after the Listing Date, the relevant grantee may exercise options up to 50%, additional 8% each month and 100% respectively.

The fair value of the share options granted on 30 June 2011, determined using the binominal model (the "Model"), ranges from HK$0.31 to HK$0.36 per option. The significant inputs into the Model were share price of HK$0.72 at the grant date, exercise price shown above, expected dividend yield rate of 0%, an expected option life of ten years and expected volatility of 73%. The volatility measured is based on the average annualised standard deviations of the continuously compounded rates of return on the share prices of comparable companies with similar business operation.

No expense was recognised in the consolidated statement of comprehensive income for share options granted to directors and employees in current year (2016: same). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2017		2016	
	Average exercise price in HK$ per share option	**Number of share options**	Average exercise price in HK$ per share option	Number of share options
At 1 January	**2.900**	**895,778**	0.720	3,608,000
Adjustment				
— Rights issue *(Note a)*	**2.758**	**46,132**	0.290	5,349,793
— Share consolidation *(Note b)*	**–**	**–**	2.900	(8,062,015)
At 31 December	**2.758**	**941,910**	2.900	895,778

25 SHARE-BASED PAYMENTS *(Continued)*

(a) Pre-IPO share option scheme *(Continued)*

Notes:

(a) As a result of the completion of the Rights Issue in May 2016, adjustments as to the exercise price and the number of shares entitled to be subscribed for under the outstanding options have been made in accordance with the terms and conditions of the Pre-IPO Share Option Scheme. Accordingly, the exercise price has been adjusted from HK$0.72 to HK$0.29 and the number of shares entitled to be subscribed for under the outstanding options has been adjusted from 3,608,000 to 8,957,793.

As a result of the completion of the Rights Issue in September 2017, adjustments as to the exercise price and the number of shares entitled to be subscribed for under the outstanding options have been made in accordance with the terms and conditions of the Pre-IPO Share Option Scheme. Accordingly, the exercise price has been adjusted from HK$2.90 to HK$2.76 and the number of shares entitled to be subscribed for under the outstanding options has been adjusted from 895,778 to 941,910.

(b) As a result of the completion of the Share Consolidation in November 2016, adjustments as to the exercise price and the number of shares entitled to be subscribed for under the outstanding options have been made in accordance with the terms and conditions of the Pre-IPO Share Option Scheme. Accordingly, the exercise price has been adjusted from HK$0.29 to HK$2.90 and the number of shares entitled to be subscribed for under the outstanding options has been adjusted from 8,957,793 to 895,778.

Out of the 941,910 (2016: 895,778) outstanding options, 941,910 (2016: 895,778) options were exercisable as at 31 December 2017.

(b) Share option scheme

Pursuant to the written resolutions of the shareholders dated 26 March 2011, the Company conditionally approved and adopted a share option scheme (the "Share Option Scheme"). The Share Option Scheme became effective on 28 July 2011 when the Company's shares are listed on the Hong Kong Stock Exchange.

On 20 December 2011, selected executive directors, employees and financial advisor were granted a total share option of 11,640,000 shares under the Share Option Scheme. The exercise price per share under the Share Option Scheme shall be equal to the quoted market share price of HK$0.724 per share. Each of the share option has a 10-year exercisable period, from 20 December 2011, and ending on the expiration of the tenth anniversary of the date of acceptance of the grant of options, on 19 December 2021 ("Expiry Date").

Commencing from the date of acceptance of the grant (the "Acceptance Date"), the expiry of first, second and third anniversaries of the Acceptance Date, the relevant grantee may exercise options up to 33%, 66% and 100% respectively.

The fair value of the share options granted on 20 December 2011, determined using the binominal model (the "Model"), ranges from HK$0.19 to HK$0.21 per option. The significant inputs into the Model were share price of HK$0.724 at the grant date, exercise price shown above, expected dividend yield rate of 3%, an expected option life of ten years and expected volatility of 47.7%. The volatility measured is based on the average annualised standard deviations of the continuously compounded rates of return on the share prices of comparable companies with similar business operation.

No expense was recognised in the consolidated statement of comprehensive income for share options granted to directors and employees in current year (2016: same). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

25 SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme *(Continued)*

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2017		2016	
	Average exercise price in HK$ per share option	**Number of share options**	Average exercise price in HK$ per share option	Number of share options
At 1 January	**2.920**	**439,942**	0.724	1,772,000
Adjustment				
— Rights issue *(note a)*	**2.777**	**22,653**	0.292	2,627,449
— Share consolidation *(note b)*	**–**	**–**	2.920	(3,959,507)
At 31 December	**2.777**	**462,595**	2.920	439,942

Notes:

(a) As a result of the completion of the Rights Issue in May 2016, adjustments as to the exercise price and the number of shares entitled to be subscribed for under the outstanding options have been made in accordance with the terms and conditions of the Share Option Scheme. Accordingly, the exercise price has been adjusted from HK$0.724 to HK$0.292 and the number of shares entitled to be subscribed for under the outstanding options has been adjusted from 1,772,000 to 4,399,449.

As a result of the completion of the Rights Issue in September 2017, adjustments as to the exercise price and the number of shares entitled to be subscribed for under the outstanding options have been made in accordance with the terms and conditions of the Share Option Scheme. Accordingly, the exercise price has been adjusted from HK$2.92 to HK$2.78 and the number of shares entitled to be subscribed for under the outstanding options has been adjusted from 439,942 to 462,595.

(b) As a result of the completion of the Share Consolidation in November 2016, adjustments as to the exercise price and the number of shares entitled to be subscribed for under the outstanding options have been made in accordance with the terms and conditions of the Share Option Scheme. Accordingly, the exercise price has been adjusted from HK$0.29 to HK$2.92 and the number of shares entitled to be subscribed for under the outstanding options has been adjusted from 4,399,449 to 439,942.

Out of 462,595 (2016: 439,942) outstanding options, 462,595 (2016: 439,942) options were exercisable as at 31 December 2017.

26 TRADE AND OTHER PAYABLES

	2017 *HK$*	2016 *HK$*
Trade payables	**242,560**	294,665
Licence fee payable	**338,712**	739,745
Other payables	**1,290,912**	7,980,455
Accruals	**18,098,266**	15,313,889
	19,970,450	24,328,754

The carrying amounts of the trade and other payables approximate their fair values.

Payment terms granted by suppliers ranged from 60 to 90 days after end of the month in which the relevant purchase occurred.

The ageing analysis of the trade payables based on the due date is as follows:

	2017 *HK$*	2016 *HK$*
Current	**242,560**	294,665

The carrying amounts of the trade and other payables are denominated in the following currencies:

	2017 *HK$*	2016 *HK$*
HK$	**10,264,421**	14,812,273
SG$	**5,666,486**	4,575,833
RMB	**5,302**	115,837
US$	**4,034,241**	4,824,811
	19,970,450	24,328,754

27 ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and at clearing houses by the Group.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

28 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2017	2016
	HK$	*HK$*
Deferred tax assets	**19,324**	316,308
Deferred tax liabilities	**(19,324)**	(316,308)
	–	–

The gross movement on the deferred income tax account is as follows:

	2017	2016
	HK$	*HK$*
At 1 January	**–**	–
Credited/(charged) to the consolidated statement of comprehensive income arising from deferred income tax liabilities	**296,984**	(82,587)
(Charged)/credited to the consolidated statement of comprehensive income arising from deferred income tax assets	**(296,984)**	82,587
At 31 December	**–**	–

28 DEFERRED INCOME TAX *(Continued)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation	
	2017	2016
	HK$	*HK$*
At 1 January	**316,308**	233,721
(Credited)/charged to the consolidated statement of comprehensive income	**(296,984)**	82,587
At 31 December	**19,324**	316,308

Deferred income tax assets

	Tax losses	
	2017	2016
	HK$	*HK$*
At 1 January	**316,308**	233,721
(Charged)/credited to the consolidated statement of comprehensive income	**(296,984)**	82,587
At 31 December	**19,324**	316,308

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$7,293,577 (2016: HK$6,376,521) in respect of unrecognised tax losses of HK$43,971,832 (2016: HK$38,444,978). The tax losses can be carried forward against future taxable income with no expiry date.

29 CASH FLOW INFORMATION

(a) Cash used in operations

	2017	2016
	HK$	*HK$*
Loss before income tax	**(62,077,379)**	(20,430,775)
Adjustments for:		
Depreciation and amortisation charges	**5,895,560**	6,000,637
Share of loss of an associate	**194,041**	118,354
Gain on disposal of property, plant and equipment	**–**	(9,013)
Fair value gain of financial asset at fair value through profit or loss	**(1,226,211)**	(388,500)
Write-off of trade receivables	**250,161**	–
Provision for impairment loss on film deposits and rights	**37,001,600**	–
Impairment of interest in an associate	**792,498**	–
Interest income	**(11,021)**	(393)
Finance costs	**1,617,001**	3,698,644
Operating loss before working capital changes	**(17,563,750)**	(11,011,046)
Changes in working capital:		
Inventories	**(421,317)**	(363,182)
Trade and other receivables	**(83,911)**	11,292,652
Margin loans receivable	**(152,022,021)**	–
Cash held on behalf of brokerage clients	**15,356,282**	(7,845,525)
Trade and other payables	**(4,785,275)**	(12,990,478)
Accounts payable to brokerage clients	**(15,369,038)**	7,858,252
Deferred revenue	**1,260,183**	(2,013,312)
Cash used in operations	**(173,628,847)**	(15,072,639)

(b) Movements in liabilities from financing activities reconciliation

The table below sets out the movement in liabilities arising from financing activities for end of the periods presented:

	2017	2016
	HK$	*HK$*
Cash and cash equivalents	**134,737,011**	73,248,475
Borrowings	**–**	–
Net cash	**134,737,011**	73,248,475

29 CASH FLOW INFORMATION *(Continued)*

(b) Movements in liabilities from financing activities reconciliation *(Continued)*

	Borrowings due within 1 year *HK$*	Interest payable *HK$*	Total *HK$*
Net debt as at 1 January 2017	–	–	–
Proceeds from borrowings	**(89,408,000)**	–	**(89,408,000)**
Repayment of borrowings	**89,408,000**	–	**89,408,000**
Interest paid	–	**1,617,001**	**1,617,001**
Other non-cash movements	–	**(1,617,001)**	**(1,617,001)**
Net debt as at 31 December 2017	–	–	–

(c) Major non-cash transaction

The Company, through its indirect wholly-owned subsidiary, namely Glory Creator Limited, obtained 80% equity interests in Cornerstone Securities Limited, a non-wholly-owned subsidiary of the Company. On 10 April 2017, 6 October 2017 and 9 November 2017, upon the issue of new shares by Cornerstone Securities Limited, the Company obtained a further 3.5% equity interests through additional capital injection. This led to a non-cash transaction with non-controlling interests of HK$579,168.

30 DIVIDENDS

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil).

31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2017 HK$	2016 HK$
Assets			
Non-current assets			
Interests in subsidiaries		**103,676,198**	236,160,008
Rental deposit		**1,024,320**	–
		104,700,518	236,160,008
Current assets			
Deposits, prepayments and other receivables		**2,452,397**	173,104
Amounts due from subsidiaries		**272,061,487**	93,334,888
Cash and cash equivalents		**3,912,003**	15,671,011
		278,425,887	109,179,003
Total assets		**383,126,405**	345,339,011
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	*31(b)*	**114,709,224**	22,941,845
Share premium	*31(b)*	**552,932,232**	440,528,546
Share option reserve	*31(b)*	**2,020,536**	2,020,536
Accumulated losses	*31(b)*	**(288,193,587)**	(121,880,866)
Total equity		**381,468,405**	343,610,061
Current liabilities			
Accrued charges		**1,658,000**	1,728,950
Total equity and liabilities		**383,126,405**	345,339,011
Net current assets		**276,767,887**	107,450,053
Total assets less current liabilities		**381,468,405**	343,610,061

The statement of financial position of the Company was approved by the Board of Directors on 26 March 2018 and was signed on its behalf.

Wong Hong Gay Patrick Jonathan
Director

An Xilei
Director

31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement of the Company

	Share capital HK$	Share premium HK$	Share option reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2016	3,823,641	333,877,058	2,020,536	(106,127,763)	233,593,472
Loss for the year	–	–	–	(15,753,103)	(15,753,103)
Rights issue					
— Proceeds from rights issue	19,118,204	110,885,583	–	–	130,003,787
— Rights issue expenses	–	(4,234,095)	–	–	(4,234,095)
At 31 December 2016	22,941,845	440,528,546	2,020,536	(121,880,866)	343,610,061
At 1 January 2017	**22,941,845**	**440,528,546**	**2,020,536**	**(121,880,866)**	**343,610,061**
Loss for the year	**–**	**–**	**–**	**(166,312,721)**	**(166,312,721)**
Rights issue					
— Proceeds from rights issue	**91,767,379**	**119,297,593**	**–**	**–**	**211,064,972**
— Rights issue expenses	**–**	**(6,893,907)**	**–**	**–**	**(6,893,907)**
At 31 December 2017	**114,709,224**	**552,932,232**	**2,020,536**	**(288,193,587)**	**381,468,405**

32 COMMITMENTS

(a) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of its office buildings and outdoor billboard spaces are as follows:

	2017 ***HK$***	2016 *HK$*
No later than 1 year	**19,709,912**	19,141,842
Later than 1 year and no later than 5 years	**14,325,686**	22,619,553
	34,035,598	41,761,395

33 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, there is no transactions carried out with related parties during the year.

34 PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at 31 December 2017, the Company has direct and indirect interests in the following subsidiaries:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particular of issued share capital/paid up registered capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by group (%)	Proportion of ordinary shares directly held by non-controlling interests (%)
Direct subsidiaries						
Focus Media Network Limited	British Virgin Islands, limited liability company	Investment holding in British Virgin Islands	10,780,000 ordinary shares of HK$0.01 each	100	100	–
Multiple Truth Limited	British Virgin Islands, limited liability company	Investment holding in British Virgin Islands	1 ordinary share of US$1 each	100	100	–
Indirect subsidiaries						
Focus Media Hong Kong Limited	Hong Kong, limited liability company	Provision of out-of-home advertising services in Hong Kong	10,000 ordinary shares of HK$1 each	–	100	–
Creative Execution Limited	Hong Kong, limited liability company	Provision of out-of-home advertising services in Hong Kong	10,000 ordinary shares of HK$1 each	–	100	–
Babysteps Limited	Hong Kong, limited liability company	Provision of early childhood education in Hong Kong	100 ordinary shares of HK$1 each	–	70	30
鋭奕(上海)廣告有限公司	People's Republic of China, wholly foreign owned enterprise	Provision of out-of-home advertising services in People's Republic of China	RMB1,000,000	–	100	–
Focus Media Singapore Pte. Ltd.	Singapore, limited liability company	Provision of out-of-home advertising services in Singapore	10 ordinary shares of SG$1 each	–	100	–
Creative Execution (Pte.) Limited	Singapore, limited liability company	Provision of out-of-home advertising services in Singapore	10 ordinary shares of SG$1 each	–	100	–

34 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

As at 31 December 2017, the Company has direct and indirect interests in the following subsidiaries: *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particular of issued share capital/paid up registered capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by group (%)	Proportion of ordinary shares directly held by non-controlling interests (%)
Indirect subsidiaries (Continued)						
CNP Cosmetics Singapore Pte. Limited	Singapore, limited liability company	Retail of skin care products in Singapore	1,000 ordinary shares of SG$1 each	–	100	–
Cosmeceutical Inc. Pte. Limited	Singapore, limited liability company	Retail of skin care products in Singapore	1,000 ordinary shares of SG$1 each	–	100	–
Ricco Media Investments Limited	British Virgin Islands, limited liability company	Investment holding in United States	1 ordinary share of US$1 each	–	100	–
Ricco Entertainment Investments Inc.	United States, limited liability company	Investment holding in United States	US$100	–	100	–
Stan Lee Global Entertainment LLC	United States, limited liability company	Film development, production and distribution in United States	Nil	–	75	25
Magic Storm Entertainment LLC	United States, limited liability company	Film development, production and distribution in United States	US$3,000,000	–	75	25
Sino Shine Global Limited	British Virgin Islands, limited liability company	Investment holding in British Virgin Islands	1 ordinary share of US$1 each	–	100	–
Richgroup International Investment Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1 each	–	100	–
Glory Creator Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1 each	–	100	–
Cornerstone Securities Limited	Hong Kong, limited liability company	Securities brokerage business in Hong Kong	1 ordinary share of HK$1 each	–	84	16
Bliss Central Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1 each	–	100	–
Bliss Fortune Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1 each	–	100	–
Copious Gain Holdings Limited	British Virgin Islands, limited liability company	Investment holding in British Virgin Islands	1 ordinary share of HK$1 each	–	100	–
Cornerstone Strategic Holding Limited	British Virgin Islands, limited liability company	Investment holding in British Virgin Islands	50,000 ordinary shares of US$1 each	–	84	16

35 NON-CONTROLLING INTERESTS

The total non-controlling interests mainly relate to Stan Lee Global Entertainment LLC, a 75% owned subsidiary, and Cornerstone Securities Limited, a 84% owned subsidiary, of the Group.

As at 31 December 2017, the net assets of Stan Lee Global Entertainment LLC primarily comprised of film deposits and rights of HK$102,000,000 (2016: HK$138,912,831).

As at 31 December 2017, the net assets of Cornerstone Securities Limited primarily comprised of margin loans receivable of HK$152,022,021 (2016: nil) and cash and cash equivalents of HK$100,798,063 (2016: HK$36,561,088).

36 SUBSEQUENT EVENTS

Save as disclosed elsewhere in the consolidated financial statements, there is no significant event that took place after the end of the reporting period.

基石金融控股有限公司
CORNERSTONE FINANCIAL HOLDINGS LIMITED