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

2018 年度報告 Annual Report

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

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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 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, and 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

An Xilei *(Chairman) (Note)*
Wong Hong Gay Patrick Jonathan *(CEO)*
Mock Wai Yin
Wang Jun
Liu Xiaodong *(Chairman)* (appointed on 12 January 2018 and resigned on 25 July 2018)
Chen Xiaoping (resigned on 31 January 2018)
Lam Hoi Yu Nicki (resigned on 12 January 2018)

Note: Chairman throughout the year up to date, except being Deputy Chairman from 12 January 2018 to 25 July 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

An Xilei *(Chairman)* (appointed on 25 July 2018)
Mock Wai Yin (re-designated from the Chairman to a member on 12 January 2018)
Lau Mei Ying
Liu Xiaodong *(Chairman)* (appointed on 12 January 2018 and resigned on 25 July 2018)
Lam Hoi Yu Nicki (resigned on 12 January 2018)

EXECUTIVE COMMITTEE *(Note)*

An Xilei *(Chairman)* (appointed as a member on 26 March 2018 and re-designated to the Chairman on 15 October 2018)
Wang Jun (appointed on 26 March 2018)
Liu Xiaodong *(Chairman)* (appointed on 26 March 2018 and resigned on 25 July 2018)

Note: establishment 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

An Xilei (appointed on 25 July 2018)
Mock Wai Yin
Liu Xiaodong (appointed on 12 January 2018 and resigned on 25 July 2018)
Lam Hoi Yu Nicki (resigned on 12 January 2018)

AUDITORS

Zenith CPA Limited
Rooms 2103–05, 21/F, Dominion Centre
43–59 Queen's Road East
Wanchai, 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 KY1-1111
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				
	2018	2017	2016	2015	2014
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
RESULTS					
Revenue	**106,028,264**	92,883,100	80,646,748	72,306,609	76,304,823
Loss for the year	**(132,268,875)**	(62,127,398)	(20,430,775)	(18,936,258)	(13,192,850)
Attributable to:					
Owners of the Company	**(107,933,612)**	(52,706,931)	(19,460,622)	(18,139,328)	(13,003,482)
Non-controlling interests	**(24,335,263)**	(9,420,467)	(970,153)	(796,930)	(189,368)

	As at 31 December				
	2018	2017	2016	2015	2014
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
ASSETS AND LIABILITIES					
Total assets	**319,605,567**	446,957,634	287,046,724	222,585,301	79,056,327
Total liabilities	**(59,952,131)**	(29,235,438)	(47,533,641)	(93,887,346)	(19,095,021)
Net assets	**259,653,436**	417,722,196	239,513,083	128,697,955	59,961,306

BUSINESS REVIEW AND PROSPECTS

During the year ended 31 December 2018 (the "Financial Year"), Cornerstone Financial Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") were principally engaged in (i) financial services; (ii) provision of out-of-home ("OOH") advertising services; and (iii) film development, production and distribution. The Group was 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 86% of the Group's consolidated revenue. Meanwhile, the financial services business has experienced a significant growth in turnover which reached approximately HK$15 million during the Financial Year (2017: HK$8 million). The details of the Group's principal businesses are as follows:

Financial Services

The Group's financial services business are mainly conducted under the brand name of "Cornerstone" and consisted of Type 1 (dealing in securities), Type 4 (advising on securities), Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). During the Financial Year, a wholly owned subsidiary of the Group also obtained the license to conduct money lending business.

The financial services business achieved encouraging results for the year ended 31 December 2018, the total revenue increased from approximately HK$8 million in 2017 to approximately HK$15 million in 2018 while the operating profit after tax reached approximately HK$7.3 million. The significant improvement in the financial results was mainly due to the Group's effort in the development of the margin financing business, in particular, the management applied HK$138 million from the net proceeds of the rights issue took place in 2017 ("2017 Rights Issue) towards further capital injection into the non-wholly owned subsidiary, Cornerstone Securities Limited ("CSL") to accelerate the business growth and expansion of the securities brokerage business. The increase in interest income generated from the margin financing was in line with the execution of intended use of net proceeds from the 2017 Rights Issue. As at 31 December 2018, the total net assets of CSL's client accounts amounted to approximately HK$1,305 million and the net assets for margin account clients and cash account clients were approximately HK$552 million and HK$594 million (including approximately HK$5.8 million in client cash account) respectively. Margin loan financing totaling approximately HK$165 million was granted to margin account clients.

The management is optimistic on the business prospect of the financial services business. In order to further strengthen the Group's controlling interests, the Group proposed to acquire further 7.66% equity interests in both CSL and the asset management business for a consideration of HK$25 million in August 2018. Backed by the experienced management team and its sound reputation in the industry, the Directors are confident that the financial services segment 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 as well as the residential 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 2018, the Group has deployed its flat-panel displays in 1,650 venues in Hong Kong and Singapore.

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

Region	Network	2018	2017
Hong Kong	Office, Commercial and Residential Network	**912**	863
Hong Kong	In-store Network (Mannings)*	**215**	240
Singapore	Office and Commercial Network	**523**	512
Total number of venues		**1,650**	1,615

* The Group has decided not to pursue the renewal of the partnership with Mannings for the in-store network (ended on 31 December 2018) in order to better deploy its resources to expand the faster growing and higher profit margin Residential Network in Hong Kong.

As of 31 December 2018, the Group has deployed its branded flat-panel displays at 1,435 office, commercial and residential buildings in Hong Kong and Singapore under its digital OOH media network, and at 215 Mannings retail chain-stores in Hong Kong under its In-store 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 (in 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 continues to hold the exclusive advertising partnership for a large format illuminated billboard at Clifford Centre. This site faces the busy Raffles Green, just above Raffles MRT station, located right in the heart of Singapore’s financial district. It is located just beside the Group’s existing large format LED illuminated billboard at The Arcade and opposite the Group’s mega-size LED screen at One Raffles Place.

The Group also holds the exclusive advertising sales rights for all media and event spaces at Galaxis situated at OneNorth Buona Vista. 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.

In addition, the Group continues to hold the exclusive advertising sales rights to a 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 MacPherson 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. Moreover, the Group continues to hold the exclusive advertising sales rights (for static and digital) to the 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 continues to hold the exclusive advertising sales rights to a billboard on the facade of Furama City Centre Hotel in Singapore. This site is located in the heart of vibrant Chinatown, with a rich culture and longstanding 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

In August 2015, the Group completed the acquisition of Ricco Media Investments Limited ("RMI") which indirectly held 75% equity interest in Stan Lee Global Entertainment, LLC ("SLGE"). SLGE was engaged in the business of film development, production and distribution and owned intellectual property rights in three films in the script development phase, namely Realm, The Annihilator and Replicator & Antilight.

Since completion of acquisition of the rights in these films, the Group has been actively seeking collaborating partners among studios in Hollywood and/or China to co-finance the funding necessary for the production of the 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 in the form of a co-financing arrangement. As at the end of the Financial Year, the Group has not yet entered into any formal contractual agreement in relation to the production of these films since the co-financer required the Group to contribute part of the production cost in the form of an equity co-financing arrangement. Due to the scale of the funding required to participate in the film production, the Group would be required to raise funds through equity financing or debt financing to fund the film production. The Group is still considering different fund raising methods to finance its contribution to the film production, accordingly, there was no significant progress in negotiation with the co-financer. The management considered that raising sufficient financial resources to meet the scale of the production budget as well as identifying potential co-financer or investor for the production of these films would be challenging in the near future. For the year ended 31 December 2018, the Group recognized an impairment of film deposits and rights of approximately HK$102,000,000. This was mainly attributable to the change in box office earning to production budget multiples in 2018. In assessing the box office earning to production budget multiples, RMI Group has taken into account the recent development of the film industry, including the trends in superhero films and certain top box office films. Over the past few years, superhero films achieved phenomenal success, including those superhero characters originally created by Mr. Stan Lee (who deceased in 2018). As for the film industry, in particular, the producers of superhero films, were dominated by one to two key film producers. According to the box office in 2017 and 2018, certain superhero films achieved record breaking box office and the average box office earning to production budget multiples for films produced the most successful film producer ranged from approximately 3.2 times to 6.3 times while the second most successful film producer ranged from approximately 2.1 times to 5.7 times. RMI Group owned intellectual property rights in three films with characters originally created by Mr. Stan Lee, however, the Group's superhero characters are newly created and these film rights are still in the script development stage. Comparing to those superhero character with long history and high publicity, the competition for RMI's superhero film would be keen and therefore, the box office earning to production budget ratio was adjusted in 2018. In addition, the recent film industry in China was affected by China's tax authority in reinforcing tax practices. The tighten tax practice affected the entire film industry's current operation, in particular, some film production companies have cancelled or postponed their film projects, some film production companies have gone out of business while some of the famous actors/ actresses in China were affected by the tightening tax practices. As several RMI Group's superhero characters would target Chinese actors/actresses as the leading role in the films and some production would be taken place in mainland China, the RMI Group envisaged that the production of these films would be challenging in the near future. The Management will continue to identify potential investors to participate in the production of these films and will review the business strategy of this segment in order to optimize the financial resources of the Group.

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. Due to the adjustment of business strategies, the Group disposed the provision of early childhood education in March 2019 and this disposal would enable the management to reallocate the resources in principal businesses which may generate a better return. The Directors will continue to explore other potential opportunities as so to streamline the businesses and/or to strengthen its business portfolio. While the Management will continue to operate and develop the advertising and media business, the Group will in the meantime focus on the development of financial services business and to fully realize its potentials in the future.

In January 2018, the Company completed the change of its name to Cornerstone Financial Holdings Limited in order to increase exposure of the "Cornerstone" brand name to the financial markets and potential clients in Hong Kong and China.

In August 2018, Cornerstone Asset Management Limited ("CAML") a subsidiary of the Group, has been granted approval from SFC to conduct Type 9 (asset management) regulated activity. The Group has employed qualified staff to conduct Type 9 (asset management) regulated activity through CAML. The Management is confident that the newly set-up asset management business would contribute positive results to the Group in the long run. Furthermore, Target Charm Limited, a wholly owned subsidiary of the Group obtained the Money Lenders License in August 2018 which enabled the Group to offer a more comprehensive range of financial services to its clients. In the meantime, the Management would also further develop the new "Cornerstone" brand name and strengthen its position as a premium financial service provider.

CORPORATE SOCIAL RESPONSIBILITY

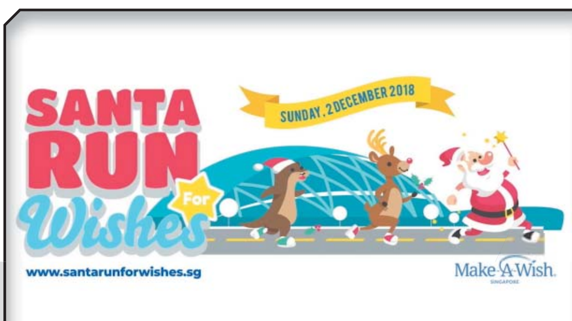
As a good corporate citizen, the Group strives to improve society through community commitment. We continue to find ways to align citizenship initiatives on our platform and we take an active role in participating in various communities, charities and national building events in Singapore and Hong Kong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

Remarkable events in 2018 included:

1. Sponsorship of Chingay 2018 (Singapore)
2. Sponsorship of RHT Rajan Menon Foundation Charity Golf 2018 (Singapore)
3. Sponsorship of Santa Run for Wishes 2018 (Singapore)
4. Sponsorship of Food Angel 2018 (Hong Kong)
5. Sponsorship of SPCA 2018 (Hong Kong)
6. Sponsorship of Hong Kong Cancer Fund 2018 (Hong Kong)
7. Sponsorship of Standbyme@Dementia 2018 (Hong Kong)
8. Sponsorship of The Fred Hollows Foundation 2018 (Hong Kong)
9. Sponsorship of Heifer Race to Feed 2018 (Hong Kong)

1 Sponsorship of Chingay 2018 (Singapore)

2 Sponsorship of RHT Rajan Menon Foundation Charity Golf 2018 (Singapore)



3 Sponsorship of Santa Run for Wishes 2018 (Singapore)

4 Sponsorship of Food Angel 2018 (Hong Kong)

5 Sponsorship of SPCA 2018 (Hong Kong)

6 Sponsorship of Hong Kong Cancer Fund 2018 (Hong Kong)

7 Sponsorship of Standbyme@Dementia 2018 (Hong Kong)

8 Sponsorship of The Fred Hollows Foundation 2018 (Hong Kong)

9 Sponsorship of Heifer Race to Feed 2018 (Hong Kong)

FINANCIAL REVIEW

	2018	2017	2016	2015	2014
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Revenue	**106,028,264**	92,883,100	80,646,748	72,306,609	76,304,823
Gross profit	**64,161,414**	54,670,842	47,568,521	41,630,172	38,763,986
EBITDA *(Note)*	**3,305,368**	(8,382,423)	(10,031,487)	(6,656,831)	(6,405,116)
Net loss	**(132,268,875)**	(62,127,398)	(20,430,775)	(18,936,258)	(13,192,850)

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, provision for impairment of trade receivables, amortization of intangible assets and net of the total comprehensive loss for the year attributable to non-controlling interest. While EBITDA is commonly used 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 2018 was approximately HK$106 million, representing an increase of approximately 14% over the previous year.

The Group's gross profit for the year ended 31 December 2018 was approximately HK$64.2 million, representing an increase of approximately 17% over the previous year. Gross profit margin increased from approximately 59% in 2017 to 61% in 2018 due to the growth in financial services business.

The Group's administrative expenses for the year ended 31 December 2018 were approximately HK$103.4 million, representing an increase of approximately 27% 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 $102 million was recognised during the year ended 31 December 2018 (2017: HK$37 million).

For the year ended 31 December 2018, the Group's EBITDA amounted to approximately HK$3.3 million as compared to the Group's negative EBITDA amounting to approximately HK$8.4 million for the previous year.

The Group recorded a loss attributable to owners of the Company of approximately HK$107.9 million for the year ended 31 December 2018 as compared to a loss attributable to owners of the Company of approximately HK$52.7 million for the previous year.

Liquidity and financial resources

During the Reporting Period, the Group financed its daily operations from internally generated resources, the net proceeds from the Rights Issue completed in 2017 (the "2017 Rights Issue") and a loan from director. As at 31 December 2018, the Group had net current assets of approximately HK$245 million (31 December 2017: net current assets of HK$294 million) and cash and cash equivalents of approximately HK$79 million (31 December 2017: HK$135 million).

The application of net proceeds from the 2017 Rights Issue was as follows:

	Original allocation as stated in the Prospectus *HK$ million (approximately)*	**Actual use up to the date of this report** *HK$ million (approximately)*
Repayment of debts of the Group (aggregate of principal and interests)	44	45
Capital injection to the securities brokerage business	138	138
General working capital:		
Rental related expenses	4	4
Salary related expenses	12	12
Audit and professional fees	2	2
Promotion and advertising of the securities business	2	1
Other operating expenses	2	2
Total:	204	204

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over Shareholders' fund, was 7.5% as at 31 December 2018 (2017: nil).

Foreign exchange

For the year ended 31 December 2018, 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 2018, 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. As at 31 December 2018, the Company had 1,147,092,240 shares of HK$0.10 each in issue. Please refer to Note 28 of the Notes to the financial statements on page 134.

Dividend

The Board does not recommend the payment of any dividend for the Financial Year (2017: Nil).

Information on employees

As at 31 December 2018, the Group had 89 employees (2017: 112 employees), including the executive Directors (the "Executive Directors"). Total staff costs (including Directors' emoluments) were approximately HK$53 million for the Financial Year (2017: HK$44 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 held HK$4.5 million listed investments as at 31 December 2018.

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 2018, the Group did not have any charges on its assets (2017: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2018 (2017: Nil).

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. AN Xilei, aged 38, was appointed as an executive Director on 1 December 2016. He was the Chairman of the Board from 1 December 2016 to 12 January 2018, the Deputy Chairman from 12 January 2018 to 25 July 2018, and was re-appointed as the Chairman on 25 July 2018. Mr. An was appointed as a member of the newly established executive committee of the Company on 26 March 2018 and became the committee chairman on 15 October 2018; he was appointed as an authorised representative (pursuant to Rule 5.24 of the GEM Listing Rules) and the chairman of the corporate governance committee of the Company on 25 July 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. Mr. An is primarily responsible for the overall strategic planning for business development of the Group.

* 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 54, co-founded Focus Media Network Limited (re-named as Cornerstone Financial Holdings Limited in January 2018) (the "Company") 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 chief executive officer of the Company since its founding. Apart from charting the Company's vision and mission and meeting the Company'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 Out-of-Home 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 46, 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. He was an executive director of Boill Healthcare Holdings Limited (a company listed on the Stock Exchange with stock code: 1246) from July 2015 to December 2018, and of China Minsheng DIT Group Limited (a company listed on the Stock Exchange with stock code: 726) from December 2013 to February 2015.

Mr. WANG Jun, aged 51, was appointed as an executive director of the Company on 19 July 2016. He was appointed as a member of the newly established 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 was appointed as an executive vice president of the Guangdong Province Anhui Chamber of Commerce in 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Chi Keung Alan, aged 55, was appointed an independent non-executive Director (the “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 senior 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 an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee of BOSA Technology Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8140). He was an independent non-executive director of L & A International Holdings Limited, a company listed on GEM of the Stock Exchange (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 46, 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 DIT 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 Teamway International Group Holdings Limited (stock code: 1239) from March 2015 to August 2017.

Ms. LAU Mei Ying, aged 36, 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 experiences 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 is presently an executive director of PacRay International Holdings Limited (stock code: 1010). She was an independent non-executive director of 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 2018, 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 where otherwise stated.

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 2018.

BOARD OF DIRECTORS

Composition and Responsibilities

The Board comprised the following directors during the year ended 31 December 2018 and up to the date of this report:

Executive Directors:
Mr. AN Xilei *(Chairman) (Note)*
Mr. WONG Hong Gay Patrick Jonathan *(CEO)*
Mr. MOCK Wai Yin
Mr. WANG Jun
Mr. LIU Xiaodong *(Chairman)* (appointed on 12 January 2018 and resigned on 25 July 2018)
Mr. CHEN Xiaoping (resigned on 31 January 2018)
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)

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

Note: Mr. An Xilei was the Chairman up to 12 January 2018 before his re-designation to the position of Deputy Chairman during the period from 12 January 2018 to 25 July 2018, and was re-appointed as the Chairman on 25 July 2018 and remains in such position as at the date of this report.

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 16 to 19. 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 or in this annual report, 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 2018, the Board has convened seven 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 2018, the Company has held one general meeting (the annual general meeting for 2018). The individual attendance record of each Director at the meetings of the Board (including circulation of written resolutions) and general meeting is as follows:

	Number of Board meetings attended/held	Board written resolutions	Annual General Meeting 2018 attended/held
Executive Directors:			
Mr. AN Xilei	3/7	11/11	1/1
Mr. WONG Hong Gay Patrick Jonathan	7/7	11/11	1/1
Mr. MOCK Wai Yin	7/7	11/11	1/1
Mr. WANG Jun	7/7	11/11	1/1
Mr. LIU Xiaodong (appointed on 12 January 2018 and resigned on 25 July 2018)	4/4	5/5	1/1
Mr. CHEN Xiaoping (resigned on 31 January 2018)	0/0	2/2	0/0
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)	0/0	0/0	0/0
Independent Non-executive Directors:			
Mr. CHAN Chi Keung Alan	7/7	11/11	1/1
Mr. LEE Chi Hwa Joshua	6/7	11/11	1/1
Ms. LAU Mei Ying	7/7	11/11	1/1

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 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

During the Financial Year, the position of the chairman of the Company was held by Mr. An Xilei from 1 January 2018 to 12 January 2018 and from 25 July 2018 up to the date of this report and by Mr. Liu Xiaodong from 12 January 2018 to 25 July 2018. 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

Each of the following executive Directors has entered into a service contract or letter of appointment with the Company. Mr. An Xilei has entered into a service contract with the Company terminable by either party giving not less than three months' notice in writing served by either party on the other. 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. Mr. Wang Jun has entered into a service contract with the Company for an initial term of one year and shall be renewable automatically thereafter until terminated by not less than three months' notice in writing served by either party on the other. Mr. Mock Wai Yin has entered into a letter of appointment with the Company terminable by not less than three months' notice in writing served by either party on the other. Each of the following Independent Non-executive Directors has entered into a service contract or letter of appointment with the Company. 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. Each of Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying has entered into a letter of appointment with the Company terminable by not less than three months' notice in writing served by either party on the other. All Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings in accordance with the provisions of the Articles.

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. An Xilei, Mr. Wang Jun and Ms. Lau Mei Ying shall retire by rotation at the 2019 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 and January 2019 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 2016 and to reflect the relevant amendments to the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules and the related GEM Listing Rules which took effect on 1 January 2019 respectively. 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 has also passed resolutions by circulation of documents in other circumstance. The attendance of each of its members (including circulation of written resolutions) is set out below:

Name of member	Number of meetings attended/held	Written resolutions
Mr. LEE Chi Hwa Joshua *(Chairman)*	4/4	1/1
Mr. CHAN Chi Keung Alan	4/4	1/1
Ms. LAU Mei Ying	4/4	1/1

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

— reviewed the annual, interim and quarterly reports of the Company and provided advice and recommendations to the Board in such regard;

— met with the external auditors and reviewed the annual and interim 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 appointment of the new auditors to fill the casual vacancy.

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 two meetings and has also passed resolutions by circulation of documents in other circumstance. The attendance of each of its members (including circulation of written resolutions) is set out below:

Name of member	Number of meetings attended/held	Written resolutions
Mr. LEE Chi Hwa Joshua *(Chairman)*	2/2	1/1
Mr. CHAN Chi Keung Alan	2/2	1/1
Ms. LAU Mei Ying	2/2	1/1

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;

— 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), if applicable; and

— reviewed a business reward and incentive policy proposed by the management of the Company responsible for the financial services business and made recommendation to the Board for its approval.

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 adopted on 26 March 2012 were amended in January 2019 to reflect the relevant amendments to the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules and the related GEM Listing Rules which took effect on 1 January 2019. The latest version of the 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; 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)*	1/1
Mr. CHAN Chi Keung Alan	1/1
Ms. LAU Mei Ying	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; and

— made recommendation on the retiring Directors at the 2019 Annual General Meeting of the Company for re-election.

Board Diversity Policy

The Company recognizes the benefits of diversity of Board members. 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. A summary of this policy is set out below. 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.

The Nomination Committee from time to time reviews the composition of the Board with particular regard to ensuring that there is an appropriate number of directors on the Board independent of management. As at the date of this report, the Board comprises seven Directors. Three of the Directors are independent non-executive Directors and independent of management, thereby promoting critical review and control of the management process. The Board is considered as diversified in terms of professional background and skills of its members.

Nomination of Directors

The Nomination Committee is responsible for the formulation of nomination policies, making recommendations to Shareholders on directors standing for re-election, providing sufficient biographical details of directors to enable Shareholders to make an informed decision on the re-election, and where necessary, nominating appropriate persons to fill causal vacancies or as additions to the Board.

New directors of the Company will be appointed by the Board. The Nomination Committee will take into consideration criteria with regard to the diversity perspectives as set out in the Board Diversity Policy when considering new director appointments.

The Company adopted a nomination policy (the "Nomination Policy") in March 2019, which has been published on the Company's corporate website for public information. A summary of this policy is set out below. When assessing the suitability of individuals nominated for directorships, it will take into consideration selection criteria such as expertise, experience, integrity and commitment when considering new director appointments.

The Nomination Committee will monitor the implementation of the Nomination Policy from time to time and make recommendations to the Board on any proposed revisions as and when necessary 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. AN Xilei *(Chairman)* (appointed on 25 July 2018)
Mr. MOCK Wai Yin (re-designated from the Chairman to a member on 12 January 2018)
Mr. LIU Xiaodong *(Chairman)* (appointed on 12 January 2018 and resigned on 25 July 2018)
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)

Independent Non-executive Director:
Ms. LAU Mei Ying

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. AN Xilei *(Chairman)* (appointed on 25 July 2018)	0/1
Mr. MOCK Wai Yin (re-designated from the Chairman to a member on 12 January 2018)	1/1
Ms. LAU Mei Ying	1/1
Mr. LIU Xiaodong *(Chairman)* (appointed on 12 January 2018 and resigned on 25 July 2018)	0/0
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)	0/0

Note: During the Financial Year, the position of chairman of the Corporate Governance Committee was taken up by Mr. Mock Wai Yin up to 12 January 2018, by Mr. Liu Xiaodong from 12 January 2018 to 25 July 2018 and by Mr. An Xilei from 25 July 2018 up to the date of this report. As at the year-end date and the date of this report, the Corporate Governance Committee comprised Mr. An Xilei as the chairman; and each of Mr. Mock Wai Yin and Ms. Lau Mei Ying as a member.

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 with specific terms of reference to deal with its authority and duty. To enhance its corporate governance and in line with the changes to the composition of the Board, the written terms of reference of the Executive Committee were amended in October 2018. The latest version of the terms of reference of the Executive Committee are available on the websites of the Company and the Stock Exchange.

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.

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

Executive Directors:
Mr. AN Xilei *(Chairman)* (appointed as a member on 26 March 2018 and as the chairman on 25 July 2018)
Mr. WANG Jun (appointed on 26 March 2018)
Mr. LIU Xiaodong *(Chairman)* (appointed on 26 March 2018 and resigned on 25 July 2018)

During the Financial Year, the Executive Committee has dealt with matters in accordance with the delegated authority pursuant to the terms of reference of the Executive Committee by passing resolutions in writing:

Name of member	Written resolutions
Mr. AN Xilei *(Chairman)(Note)* (appointed as a member on 26 March 2018 and as the Chairman on 25 July 2018)	4/4
Mr. WANG Jun (appointed on 26 March 2018)	4/4
Mr. LIU Xiadong *(Chairman)(Note)* (appointed on 26 March 2018 and resigned on 25 July 2018)	2/2

Note: During the Financial Year, the position of chairman of the Executive Committee was taken up by Mr. Liu Xiaodong from 26 March 2018 (date of establishment of the Executive Committee) to 25 July 2018 and by Mr. An Xilei from 25 July 2018 up to the date of this report. As at the year-end date and the date of this report, the Executive Committee comprised Mr. An Xilei as the chairman and Mr. Wang Jun as a member.

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

PricewaterhouseCoopers ("PwC") resigned as the external auditors of the Company on 12 December 2018. Zenith CPA Limited ("Zenith") was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of PwC with effect from 12 December 2018 until the conclusion of the forthcoming annual general meeting of the Company.

The fee in respect of audit services provided by Zenith for the Financial Year amounted to approximately HK$1,000,000 (2017: HK$1,550,000 for audit services provided by PwC). The fee in respect of audit-related services provided by Zenith for the Financial Year was nil (2017: HK$480,000 for audit-related services provided by PwC).

The reporting responsibilities of Zenith are set out in the Independent Auditors' Report on pages 57 to 62.

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.

There is currently no internal audit function within the Group. Taking into account of its size, nature and complexity of its business operations, the Group considers that the current organisation structure and management could provide adequate risk management and internal control of the Group. 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).

The Board has established five committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the Executive Committee. The majority of members of the Audit Committee, the Remuneration Committee and the Nomination Committee must be the Independent Non-executive Directors, so that 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 delegated the responsibility to the Corporate Governance Committee for performing the corporate governance duties as set out in paragraph D.3 of the Corporate Governance Code.

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 Financial Year, Ms. Lam Hoi Yu Nicki ("Ms. Lam") assumed responsibility for acting as the compliance officer of the Company (the "Compliance Officer") up to 12 January 2018 when she resigned as an Executive Director. Mr. Mock Wai Yin was appointed as the Compliance Officer pursuant to Rule 5.19 of the GEM Listing Rules to fill the casual vacancy following the resignation of Ms. Lam with effect from 12 January 2018 and remains in such position as at the date of this 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 2018.

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 2019 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 2019

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 service; (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 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 its (i) financial services including securities brokerage services and margin financing service; (ii) provision of OOH advertising services, (iii) film development, production and distribution, (iv) retail of skin care products and (iv) 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 20 to 33 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 2018.

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 Greenhouse Gas Emission	P. 36 P. 37
A2. Use of Resources	Energy Consumption Water Consumption Use of Packaging materials	P. 38 P. 39 P. 39
A3. The Environment and Natural Resources	Environmental Impact Management	P. 40
B. Society		
B1. Employment	Employee Benefits and Equal Opportunities Policies	P. 41
B2. Health and Safety	Occupational Health and Safety	P. 41
B3. Development and Training	Staff Development and Training	P. 42
B4. Labor Standards	Prevention of Child Labor or Forced Labor	P. 42
B5. Supply Chain Management	Environmental and Social Risk Management of Supply Chain	P. 43
B6. Product Responsibility	Quality and Safety of Products and Services Intellectual Property Management Social Moral Standards	P. 43 P. 44 P. 44
B7. Anti-Corruption	Prevention of Corruption and Fraud	P. 44
B8. Community Investment	Contributions to Society	P. 45

During the year ended 31 December 2018, 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 businesses of the Group, which mainly involves (i) financial services including securities brokerage services and margin financing service; (ii) provision of OOH advertising services, (iii) film development, production and distribution, (iv) retail of skin care products and (iv) provision of early childhood education, 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 2018, 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 Hong Kong and Singapore 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 2018, 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	13.1	Pieces	0.12

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 2018, the Group's total GHG emissions amounted to approximately 64.3 tonnes and the total GHG emission per employee was 0.57 tonne/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	13.2	0.11
Indirect GHG emission (Scope 2) — electricity consumption	49.2	0.44
Other indirect GHG emission (Scope 3) — paper and water consumption	1.9	0.02
Total GHG emission	64.3	0.57

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 25°C 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 in Hong Kong, including but not limited to Air Pollution Control Ordinance, Waste Disposal Ordinance, Water Pollution Control Ordinance, Environmental Impact Assessment Ordinance, Ozone Layer Protection Ordinance, and Product Eco-responsibility Ordinance. During the year ended 31 December 2018, 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 2018, the Group's consumption in petrol and electricity were:

Energy Type	Quantity	Unit	Intensity — Unit per employee
Petrol	4,950	litre	44.2
Electricity	68,854	kWh	614.8

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 2018, 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 2018, 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 2018, the Group has fully complied with the statutory requirements in Hong Kong, including the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance, as well as the statutory requirements in Singapore, including Employment Act (Chapter 91) of Singapore, Central Provident Fund Act, Employment of Foreign manpower Act (Chapter 91A) of Singapore.

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 2018, 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 2018, the Group has complied with the legislative requirements in the Hong Kong, including the Occupational Safety and Health Ordinance and Employees' Compensation Ordinance, as well as the legislative requirements in Singapore, including the Workplace Safety and health Act and Work Injury Compensation Act.

During the year ended 31 December 2018, 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 offices in Hong Kong and Singapore, 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 Singapore. 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 Employment Act and the Employment (Children and Young Persons) Regulations of Singapore.

During the year ended 31 December 2018, 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 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 2018, the Group complies with relevant laws governing the confidentiality of data and intellectual property, including but not limited to Hong Kong Intellectual Property Law and Intellectual Property Law of Singapore.

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 2018, 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 Prevention of Bribery Ordinance of Hong Kong and the Prevention of Corruption Act of Singapore.

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 2018, 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.

REPORT OF THE DIRECTORS

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 1 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 2018 is set out in Note 4 to the Consolidated Financial Statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2018 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 15 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 34 to 45 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 37 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 2018 are set out in the Consolidated Financial Statements on pages 63 to 150.

DIVIDEND POLICY

The Company adopted a dividend policy ("Dividend Policy") in March 2019, pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash, in the form of shares or by way of distribution of specific assets of any kind, upon the recommendation of the Board. Any distribution of dividends shall be in accordance with the Articles and subject to the relevant laws of the Cayman Islands.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. When deciding whether to propose a dividend payout, the Board will take into account, among other things, the financial results, the earnings, the operations and liquidity requirements, the capital requirements, the current and future development plans of the Group, the debt ratio, the interests of the Shareholders, and general economic conditions.

The Dividend Policy will be reviewed from time to time by the Board and revisions may be made to ensure its effectiveness as and when necessary. The Company does not have any pre-determined dividend distribution ratio and there is no assurance that a dividend will be proposed or declared in any specific periods.

The Directors do not recommend the payment of final dividend for the Financial Year (2017: 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 17 April 2018, the Company entered into a subscription agreement (the "Subscription Agreement") with an independent third party (the "Subscriber") to issue 45,800,000 new shares at the subscription price of HK$0.20 per share under the general mandate granted by the Shareholders to the Directors at the annual general meeting convened on 12 May 2017, with an intention to raise approximately HK$9,000,000 for the Group's general working capital requirements. However, as the Subscriber was unable to proceed to completion, the Subscription Agreement was terminated on 9 May 2018 by mutual agreement between the parties concerned. For details, please refer to the announcements of the Company dated 17 April 2018 and 9 May 2018 respectively.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in Note 28 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 30 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2018, 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$139,016,000 (2017: HK$266,759,000).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 19% of the total sales for the Financial Year and sales to the largest customer included therein amounted to approximately 5%. Purchases from the Group's five largest suppliers accounted for approximately 61% of the total purchases for the Financial Year and purchases from the largest supplier included therein amounted to approximately 28%.

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 2018, the Group did not have any charges on its assets (2017: Nil).

DIRECTORS

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

Executive Directors:
Mr. AN Xilei *(Chairman) (Note)*
Mr. WONG Hong Gay Patrick Jonathan *(CEO)*
Mr. MOCK Wai Yin
Mr. WANG Jun
Mr. LIU Xiaodong *(Chairman)* (appointed on 12 January 2018 and resigned on 25 July 2018)
Mr. CHEN Xiaoping (resigned on 31 January 2018)
Ms. LAM Hoi Yu Nicki (resigned on 12 January 2018)

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

Note: Mr. An Xilei was the Chairman up to 12 January 2018 before his designation to the position of Deputy Chairman during the period from 12 January 2018 to 25 July 2018, and was re-appointed as the Chairman on 25 July 2018 and remains in such position as at the date of this report.

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. An Xilei, Mr. Wang Jun and Ms. Lau Mei Ying shall retire by rotation at the AGM and, being eligible, offer themselves for re-election pursuant to Article 84 of the Articles.

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

Each of the following executive Directors has entered into a service contract or letter of appointment with the Company. Mr. An Xilei has entered into a service contract with the Company terminable by not less than three months' notice in writing served by either party on the other. 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. Mr. Wang Jun has entered into a service contract with the Company for an initial term of one year and shall be renewable automatically thereafter until terminated by not less than three months' notice in writing served by either party on the other. Mr. Mock Wai Yin has entered into a letter of appointment with the Company terminable by not less than three months' notice in writing served by either party on the other. Each of the following Independent Non-executive Directors has entered into a service contract or letter of appointment with the Company. 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. Each of Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying has entered into a letter of appointment with the Company terminable by not less than three months' notice in writing served by either party on the other. All Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings in accordance with the provisions of the Articles.

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 2018 were as below pursuant to Rule 17.50A(1) of the GEM Listing Rules:

Mr. Mock Wai Yin, an executive Director, resigned as an executive director of Boill Healthcare Holdings Limited (Stock Code: 1246) with effect from 21 December 2018.

DIRECTORS' BIOGRAPHY

The biographical details of the Directors are disclosed in the section headed "Directors' Profile" on pages 16 to 19 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 8 and 9 to the Consolidated Financial Statements respectively.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Schemes" 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 2018, 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

On 7 August 2018, the Company through its indirect wholly-owned subsidiary, Glory Creator Limited, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Cornerstone Financial Group Limited (the "Vendor") for the acquisition (the "Acquisition") of an additional 7.66% equity interests in each of Cornerstone Securities Limited ("CSL") and Cornerstone Strategic Holding Limited ("CSHL") at the total consideration of HK$25,000,000, which constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. As the sole shareholder (also being a director) of the Vendor is a director of each of CSL and CSHL, he is a connected person at the subsidiary level of the Company under Chapter 20 of the GEM Listing Rules, the Acquisition also constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The Company engaged a professional valuer for an independent valuation on the assets subject to the Acquisition. The Market-Based Approach was used by adopting price-to-book multiple for the valuation. The Board (Including all Independent Non-executive Directors) considered that the terms of the Sale and Purchase Agreement were fair and reasonable and the transactions contemplated thereunder were on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisition was therefore exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules. For details of the above transaction, please refer to the Company's announcement dated 7 August 2018. In accordance with the terms of the Sale and Purchase Agreement, completion of the Acquisition took place on 5 December 2018. As a result, the Group's equity interests in CSL and CSHL were increased from 83.53% to 91.19%. During the year, the Company paid an aggregated amount of HK$7 million, consideration to the Vendor and the remaining HK$18 million was still outstanding and will bear 8% interest rate per annum starting from 1 January 2019 onwards. For details, please refer to the Company's announcement dated 7 August 2018.

Save for the above, during the Financial 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 34 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 at the exercise price of HK$0.72 per share were granted under the Pre-IPO Share Option Scheme. Adjustments were made to the outstanding options granted under the Pre-IPO Share Option Scheme as a results of the rights issue exercises completed in May 2016 and September 2017 respectively. As at 1 January 2018, the number of shares in the Company comprised in the outstanding options granted under the Pre-IPO Share Option Scheme was 941,910 at the exercise price of HK$2.758 per share. No options have been granted, exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme during the year ended 31 December 2018. Accordingly, the number of shares comprised in the outstanding options under the Pre-IPO Share Option Scheme remained as 941,910 at 31 December 2018.

Share Option Scheme

During the year of 2011, options to subscribe for 11,640,000 shares at the exercise price of HK$$0.724 per share were granted under the Share Option Scheme. Adjustments were made to the outstanding options granted under the Share Option Scheme as a results of the rights issue exercises completed in May 2016 and September 2017 respectively. As at 1 January 2018, the number of shares comprised in the outstanding options under the Share Option Scheme was 462,595 at the exercise price of HK$2.777. No options have been granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 December 2018. Accordingly, the number of shares comprised in the outstanding options under the Share Option Scheme remained as 462,595 at 31 December 2018.

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	Outstanding at 1 January 2018	Granted during the Year	Exercised during the Year	Cancelled/ Lapsed during the Year	Outstanding at 31 December 2018	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 2018
Wong Hong Gay Patrick Jonathan	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$2.777	85,627	–	–	–	85,627	0.72	0.01%
Chan Chi Keung Alan	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$2.777	85,627	–	–	–	85,627	0.72	0.01%
Employees	20 Dec 2011	Note 1	20 Dec 2011 to 19 Dec 2021	HK$2.777	291,341	–	–	–	291,341	0.72	0.03%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$2.758	941,910	–	–	–	941,910	N/A	0.08%
Total					1,404,505	–	–	–	1,404,505		

Additional particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in Note 29 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 2018.

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 2018, 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 (the "Share(s)"), 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 2018.

Save as disclosed above, as at 31 December 2018, 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 2018, 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:

Long positions in the Shares

Name of Shareholders	Nature of interests	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 2018.

Save as disclosed above, as at 31 December 2018, 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 20 to 33 in this annual report.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from 3 May 2019 (Friday) to 8 May 2019 (Wednesday), 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 2 May 2019 (Thursday).

AUDITOR

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

By order of the Board
Cornerstone Financial Holdings Limited

An Xilei
Chairman and Executive Director

Hong Kong, 26 March 2019

ZENITH 誠宇
ASSURANCE I TRANSACTIONS I ADVISORY

To the shareholders of Cornerstone Financial Holdings Limited
(Incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Cornerstone Financial Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 63 to 150, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, 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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of film deposits and rights	
The Group had film deposits and rights with carrying value of HK$102,000,000 before impairment as at 31 December 2018. 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 calculation 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. Due to prolonged period of non-performance in the film deposits and rights, a full provision for impairment of HK$102,074,882 in respect of the Group's film deposits and rights was made for the year ended 31 December 2018. We identified assessing the impairment of film deposits and rights as a key audit matter because the 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, economic condition in Mainland China's policies and availability of film investors. Relevant disclosures are included in Notes 2.4, 3 and 16 to the consolidated financial statements.	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; — Assessing the competency, objectivity and independence of the external valuer used by management; — Discussing with external valuer their workscope, and assessing the appropriateness of the valuation methodology used; — Challenging 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; and — 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. We found the assumptions made by management in relation to the value in use calculations to be reasonable based on available evidence.

Key audit matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recoverability of margin loans receivable	
The Group had margin loans receivable of HK$165,003,073 as at 31 December 2018. All margin loans are bearing interest at commercial rates, secured by the underlying pledged listed securities and are repayable on demand. The amount of credit facilities granted to margin client is determined based on the discounted value of securities accepted by the Group as collateral. Provision allowances are estimated by management once objective evidence of impairment becomes apparent for margin loans receivable that were individually significant at each reporting date. Management exercises judgement in determining the quantum of loss based on the range of factors. These include available remedies for recovery, the financial situation of the borrower and collateral valuation. Management assessed the value of collateral held at the reporting date, which principally comprised listed securities, with reference to quoted prices. We identified assessing the recoverability of margin loans receivable as a key audit matter because the assessment of the appropriate level of impairment required the application of significant management judgement. Relevant disclosures are included in Notes 3 and 19 to the consolidated financial statements.	Our audit procedures in relation to management's assessment on the recoverability of margin loans receivable included: — Understanding, evaluating and validating the design, implementation and operating effectiveness of key internal controls over the approval, recording and monitoring of margin loans receivable and collateral shortfalls and impairment assessment procedures; — Evaluating management's assessment of impairment allowances by inspecting the margin shortfall report; — Sending client confirmations to confirm the year end margin loan balances and collaterals on a sample basis; — Agreeing the holdings of the collaterals of margin loans to available evidences such as external stock balance report; and — Assessing the existence of collateral by comparing a sample of securities held as collateral as extracted from the Group's records with third party statements from brokers or clearing houses. We found management's assessment on the recoverability of margin loans receivable to be supported by available evidence.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statement on 26 March 2018.

Other information included in the Annual Report

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibility 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. Our report is made 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 judgement 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 the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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 Mr. Cheng Po Yuen.

Zenith CPA Limited
Certified Public Accountants
Cheng Po Yuen
Practising Certificate Number: P04887
Hong Kong

26 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Notes	2018 HK$	2017 HK$
REVENUE	5	**106,028,264**	92,883,100
Cost of sales		**(41,866,850)**	(38,212,258)
Gross profit		**64,161,414**	54,670,842
Other income and gains, net	5	**10,141,575**	3,396,732
Administrative expenses		**(103,448,769)**	(81,332,311)
Provision for impairment loss on film deposits and rights	16	**(102,074,882)**	(37,001,600)
Finance costs	6	**(2,060)**	(1,617,001)
Share of loss of an associate		**(17,398)**	(194,041)
LOSS BEFORE TAX	7	**(131,240,120)**	(62,077,379)
Income tax expenses	10	**(1,028,755)**	(50,019)
LOSS FOR THE YEAR		**(132,268,875)**	(62,127,398)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Item that may be reclassified to profit or loss in subsequent period:			
Exchange differences on translation of foreign operations		**(187,546)**	1,865,446
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(132,456,421)**	(60,261,952)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		**(107,933,612)**	(52,706,931)
Non-controlling interests		**(24,335,263)**	(9,420,467)
		(132,268,875)	(62,127,398)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		**(108,120,324)**	(50,840,936)
Non-controlling interests		**(24,336,097)**	(9,421,016)
		(132,456,421)	(60,261,952)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	**HK9.4 cents**	HK12.5 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 HK$	2017 HK$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	**8,063,741**	8,663,974
Goodwill	14	**2,780,482**	2,780,482
Intangible assets	15	**35,750**	300,563
Film deposits and rights	16	**–**	102,000,000
Available-for-sale financial asset	17	**–**	3,000,000
Deposits, prepayments and other receivables	20	**2,799,873**	5,837,908
Interest in an associate	21	**127,709**	145,107
Pledged bank deposits	22	**357,398**	585,000
Total non-current assets		**14,164,953**	123,313,034
CURRENT ASSETS			
Inventories	18	**–**	1,645,868
Margin loans receivable	19	**165,003,073**	152,022,021
Trade and other receivables	20	**44,727,619**	29,619,111
Equity investments at fair value through profit or loss	23	**4,506,020**	–
Pledged bank deposits	22	**575,000**	311,255
Cash held on behalf of brokerage clients	24	**11,346,943**	5,309,334
Cash and cash equivalents	22	**79,281,959**	134,737,011
Total current assets		**305,440,614**	323,644,600
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	25	**43,844,819**	19,970,450
Accounts payable to brokerage clients	26	**11,346,280**	5,309,305
Deferred revenue		**3,719,413**	3,905,233
Income tax payable		**1,041,619**	50,450
Total current liabilities		**59,952,131**	29,235,438
NET CURRENT ASSETS		**245,488,483**	294,409,162
TOTAL ASSETS LESS CURRENT LIABILITIES		**259,653,436**	417,722,196

	Notes	2018 HK$	2017 HK$
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	**114,709,224**	114,709,224
Other reserves		**129,182,149**	242,084,159
		243,891,373	356,793,383
Non-controlling interests		**15,762,063**	60,928,813
Total equity		**259,653,436**	417,722,196

Wong Hong Gay Patrick Jonathan
Director

An Xilei
Director

The notes on pages 70 to 150 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Share capital HK$	Share premium HK$	Capital reserve HK$	Exchange fluctuation reserve HK$	Share option reserve HK$	Accumulated losses HK$	Total HK$	Non-controlling interests HK$	Total equity HK$
At 1 January 2018	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
Effect of adoption of HKFRS 9	–	–	–	–	–	(676,616)	(676,616)	–	(676,616)
At 1 January 2018 (restated)	114,709,224	552,932,232	(176,467,450)	(1,326,251)	2,020,536	(135,751,524)	356,116,767	60,928,813	417,045,580
Loss for the year	–	–	–	–	–	(107,933,612)	(107,933,612)	(24,335,263)	(132,268,875)
Other comprehensive income/(loss) for the year:									
Exchange difference related to foreign operations	–	–	–	(186,712)	–	–	(186,712)	(834)	(187,546)
Total comprehensive income/(loss) for the year	–	–	–	(186,712)	–	(107,933,612)	(108,120,324)	(24,336,097)	(132,456,421)
Transactions with owners									
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	64,277	64,277
Change in ownership interests in subsidiaries without a change of control (Note a)	–	–	–	–	–	(4,105,070)	(4,105,070)	(20,894,930)	(25,000,000)
Total transactions with owners for the year	–	–	–	–	–	(4,105,070)	(4,105,070)	(20,830,653)	(24,935,723)
At 31 December 2018	114,709,224	552,932,232*	(176,467,450)*	(1,512,963)*	2,020,536*	(247,790,206)*	243,891,373	15,762,063	259,653,436

	Attributable to owners of the parent								
	Share capital *HK$*	Share premium *HK$*	Capital reserve *HK$*	Exchange fluctuation reserve *HK$*	Share option reserve *HK$*	Accumulated losses *HK$*	Total *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
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
Loss for the year	–	–	–	–	–	(52,706,931)	(52,706,931)	(9,420,467)	(62,127,398)
Other comprehensive income/(loss) for the year:									
Exchange difference related to foreign operations	–	–	–	1,865,995	–	–	1,865,995	(549)	1,865,446
Total comprehensive income/(loss) for the year	–	–	–	1,865,995	–	(52,706,931)	(50,840,936)	(9,421,016)	(60,261,952)
Transactions with owners									
Rights Issue *(Note b)*									
— 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 c)*	–	–	–	–	–	(579,168)	(579,168)	579,168	–
Total transactions with owners for the year	91,767,379	112,403,686	–	–	–	(579,168)	203,591,897	34,879,168	238,471,065
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

* These reserves accounts comprise the consolidated reserves of HK$129,182,149 (2017: HK$242,084,159) in the consolidated statement of financial position.

Notes:

(a) On 5 December 2018, the Company, through its indirect wholly-owned subsidiary, namely Glory Creator Limited, obtained a further 7.66% equity interests in Cornerstone Securities Limited and Cornerstone Strategic Holding Limited which are non-wholly owned subsidiaries of the Company, from its non-controlling interest at a consideration of HK$25,000,000.

(b) 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.

(c) 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.

The notes on pages 70 to 150 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Notes	2018 HK$	2017 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(131,240,120)**	(62,077,379)
Adjustments for:			
Depreciation	7	**5,139,838**	5,476,555
Amortisation	7	**264,813**	419,005
Share of loss of an associate		**17,398**	194,041
Gain on disposal of property, plant and equipment	5	**(334,503)**	–
Fair value loss/(gain) of equity investments at fair value through profit or loss	7	**3,178,294**	(1,226,211)
Write-off of trade receivables	7	**–**	250,161
Reversal of impairment of trade receivables	5	**(132,560)**	–
Impairment of film deposits and rights	16	**102,074,882**	37,001,600
Impairment of interest in an associate		**–**	792,498
Dividend income	5	**(24,575)**	–
Interest income	5	**(1,252,440)**	(11,021)
Finance costs	6	**2,060**	1,617,001
Operating cash flows before movement in working capital		**(22,306,913)**	(17,563,750)
Decrease/(increase) in inventories		**1,645,868**	(421,317)
Increase in trade and other receivables		**(12,163,416)**	(83,911)
Increase in margin loans receivable		**(12,981,052)**	(152,022,021)
(Increase)/decrease in cash held on behalf of brokerage clients		**(6,037,609)**	15,356,282
Increase/(decrease) in trade and other payables		**4,272,309**	(4,785,275)
Increase/(decrease) in accounts payable to brokerage clients		**6,036,975**	(15,369,038)
(Decrease)/increase in deferred revenue		**(185,820)**	1,260,183
Cash used in operations		**(41,719,658)**	(173,628,847)
Income tax paid		**(37,586)**	–
Net cash flows used in operating activities		**(41,757,244)**	(173,628,847)

	Notes	2018 HK$	2017 HK$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(3,813,192)**	(2,535,662)
Prepayment for plant and equipment		**–**	(815,150)
Payments for film deposits and rights		**–**	(38,793)
Proceeds from disposal of items of property, plant and equipment		**380,000**	–
Purchase of equity investments at fair value through profit or loss		**(7,978,510)**	–
Proceeds from disposal of equity investments at fair value through profit or loss		**3,294,196**	1,602,783
Interest received		**50,454**	11,021
Pledged deposit		**(36,143)**	(564,250)
Dividend received from listed investments		**24,575**	–
Net cash flows used in investing activities		**(8,078,620)**	(2,340,051)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan advanced from a director		**1,600,000**	–
Proceeds from borrowings		**–**	89,408,000
Repayment of borrowings		**–**	(89,408,000)
Interest paid		**–**	(1,617,001)
Acquisition of non-controlling interests		**(7,000,000)**	–
Proceeds from rights issue		**–**	211,064,972
Rights issue expenses		**–**	(6,893,907)
Capital contribution from non-controlling interests		**–**	34,300,000
Net cash flows (used in)/generated from financing activities		**(5,400,000)**	236,854,064
Net (decrease)/increase in cash and cash equivalents		**(55,235,864)**	60,885,166
Cash and cash equivalents at beginning of year		**134,737,011**	73,248,475
Effect of foreign exchange rate changes, net		**(219,188)**	603,370
CASH AND CASH EQUIVALENTS AT END OF YEAR		**79,281,959**	134,737,011
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**80,214,357**	135,633,266
Less: Pledged bank deposits	22	**(932,398)**	(896,255)
Cash and cash equivalents as stated in the statement of cash flows		**79,281,959**	134,737,011

The notes on pages 70 to 150 are an integral part of these consolidated financial statements

1 CORPORATE AND GROUP INFORMATION

Cornerstone Financial Holdings Limited is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at Room 2703, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, 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.

During the year, the Group was involved in the following principal activities:

- Advertising and media
- Retail of skin care products
- Provision of early childhood education
- Film development, production and distribution
- Financial services

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share capital/paid up registered capital	Percentage of equity attributable to the Company	
				Direct (%)	Indirect (%)
Focus Media Network Limited	British Virgin Islands, limited liability company	Investment holding in British Virgin Islands	1,078,000 ordinary shares of HK$0.01 each	100	–
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

1 CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share capital/paid up registered capital	Percentage of equity attributable to the Company	
				Direct (%)	Indirect (%)
Babysteps Limited	Hong Kong, limited liability company	Provision of early childhood education in Hong Kong	100 ordinary shares of HK$1 each	–	70
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
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
Stan Lee Global Entertainment LLC	United States, limited liability company	Film development, production and distribution in United States	Nil	–	75
Magic Storm Entertainment LLC	United States, limited liability company	Film development, production and distribution in United States	US$3,000,000	–	75
Target Charm Limited	Hong Kong, limited liability company	Money lending businesss	1 ordinary share of HK$1 each	–	100
Cornerstone Securities Limited	Hong Kong, limited liability company	Securities brokerage business in Hong Kong	261,000,000 ordinary share of HK$1 each	–	91.19
Cornerstone Asset Management Limited	Hong Kong, limited liability company	Asset management business in Hong Kong	10,000,000 ordinary shares of HK$1 each	–	91.19

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). They have been prepared under the historical cost convention, except for certain of equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than explained below, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.

(b) HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) *(Continued)*

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

	Notes	HKAS 39 measurement *HK$*	Reclassification *HK$*	Remeasurement *HK$*	HKFRS 9 measurement *HK$*
Financial assets					
Available-for-sale investments	(i)	3,000,000	(3,000,000)	–	–
Deposits, prepayments and other receivables		5,837,908	–	–	5,837,908
Pledged bank deposits		896,255	–	–	896,255
Margin loans receivables		152,022,021	–	–	152,022,021
Trade and other receivables	(ii)	29,619,111	–	(676,616)	28,942,495
Equity investments at fair value through profit or loss	(i)	–	3,000,000	–	3,000,000
Cash held on behalf of brokerage clients		5,309,334	–	–	5,309,334
cash and cash equivalents		134,737,011	–	–	134,737,011
		331,421,640	–	(676,616)	330,745,024

Notes:

(i) The Group has classified its unlisted equity investment previously classified as available-for-sale investments as financial assets measured at fair value through profit or loss as this investment has managed by their performance evaluated on a fair value basis and in accordance with an investment strategy of the Group.

(ii) The gross carrying amounts of the trade receivables under the column "HKAS 39 measurement" represent the amounts after adjustments for the adoption of HKFRS 15 but before the measurement of ECLs. As at 1 January 2018, the Group has recognised HK$676,616 as expected credit losses for trade receivables under HKFRS 9.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) *(Continued)*

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9. Further details are disclosed in note 20 to the financial statements.

	Impairment allowances under HKAS 39 at 31 December 2017 *HK$*	Remeasurement *HK$*	ECL allowances under HKFRS 9 at 1 January 2018 *HK$*
Trade and other receivables	–	676,616	676,616

Hedge accounting

The adoption of the hedge accounting requirements of HKFRS 9 has had no impact on the Group's financial statements as the Group does not have any hedging activities.

Impact on accumulated losses

The impact of transition to HFKRS 9 on reserves is as follows:

	Accumulated losses *HK$*
Balance as at 31 December 2017 under HKAS 39	135,074,908
Recognition of expected credit losses for trade receivables under HKFRS 9	676,616
Balance as at 1 January 2018 under HKFRS 9	135,751,524

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(c) HKFRS 15 and its amendments replace HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in notes 3 and 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in Note 2.4 to the financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations. Except as described below, the adoption of HKFRS 15 has had no material impact on the financial position and performance of the Group.

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as deferred revenue. Under HKFRS 15, the amount is classified as contract liabilities which is included in trade and other payables.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$1,566,311 from deferred revenue to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under HKFRS 15, HK$2,083,376 was reclassified from deferred revenue to contract liabilities in relation to the consideration received from customers in advance for the advertising and media services.

(d) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int *15 Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$22,723,173. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments.

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associate is included in the consolidated statement of comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in associated, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associate is included as part of the Group's investment in an associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash- generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Film deposits and rights

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location of its intended use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

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

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018) *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018) *(Continued)*

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018) *(Continued)*

Financial assets at fair value through profit or loss *(Continued)*

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Investments and other financial assets (policies under HKAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets (policies under HKAS 39 applicable before 1 January 2018) *(Continued)*

Financial assets at fair value through profit or loss *(Continued)*
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition (applicable before 1 January 2018)" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments
Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-far-sale investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition (applicable before 1 January 2018)" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets (policies under HKAS 39 applicable before 1 January 2018) *(Continued)*

Available-for-sale financial investments *(Continued)*

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-far-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-far-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 January 2018 and policies under HKAS 39 applicable before 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and margin loans receivables which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018) *(Continued)*

Simplified approach

For trade and margin loans receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade and margin loans receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Impairment of financial assets (policies under HKAS 39 applicable before 1 January 2018)

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. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets (policies under HKAS 39 applicable before 1 January 2018) *(Continued)*

Financial assets carried at amortised cost *(Continued)*

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss — is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accounts payable to brokerage clients.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be require to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received a attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (applicable from 1 January 2018) *(Continued)*

Revenue from contracts with customers *(Continued)*

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

(b) Revenue from advertising and media services are recognised overtime, the transaction price of these services is recognised as a contract liabilities at the time of the initial sales transaction and is released on a straight line basis over the broadcast period.

(c) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(d) Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(e) Brokerage commission income, handling and settlement fee income are recognised on completion of the underlying transaction.

(f) Revenue from nursey and other services is recognised when satisfied a performance obligation at a point of time or over time.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (applicable from 1 January 2018) *(Continued)*

Revenue from contracts with customers *(Continued)*

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.

Contract assets (applicable from 1 January 2018)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract costs (applicable from 1 January 2018)

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

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 profit or loss, 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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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 profit or loss 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.

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.

Borrowing costs

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate .

3 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 2.4. 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$102,074,882 was recognised in profit or loss 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. Further details are set out in 16 to the consolidated financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2018 was HK$2,780,482. Further details are given in Note 14.

(c) Provision for expected credit losses of trade and other and margin loans receivables

The Group uses a provision of matrix to calculate ECLs for trade and other and margin loans receivables. The provision rates are based on days past due for groupings of various debtors that have similar loss patterns. The provision matrix is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade and other and margin loans receivables, customers' or borrowers' repayment history, value of securities and their financial position and an assessment of both the current and foreign general economic conditions, all of which involve a significant degree of management judgement.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions and the selection of forward-looking macroeconomic scenarios. The information about the ECLs and the Group's trade and other and margin loans receivables are disclosed in Notes 20 and 19 respectively. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(d) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4 OPERATING SEGMENT INFORMATION

The chief operating decision-maker ("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 as the same as last year. Management assess the performance of the following five 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

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

4 OPERATING SEGMENT INFORMATION *(Continued)*

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2018 and 2017 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$*	Total *HK$*
Year ended 31 December 2018						
Segment revenue	81,547,214	6,550,719	2,993,902	–	14,936,429	106,028,264
Segment results	44,415,940	1,905,329	2,903,716	–	14,936,429	64,161,414
Other segment information exclude in segment results:						
Impairment loss on film deposits and rights	–	–	–	(102,074,882)	–	(102,074,882)
Reversal of impairment of trade and other receivables	132,560	–	–	–	–	132,560
Share of loss of an associate	(17,398)	–	–	–	–	(17,398)
Depreciation and amortisation	(4,344,823)	–	(19,806)	–	(558,650)	(4,923,279)
Capital expenditure	2,869,546	–	–	–	168,180	3,037,726
Segment assets	51,996,488	3,657,715	2,893,210	2,376,554	235,822,201	296,746,168
Corporate and other unallocated assets						22,859,399
Total assets						319,605,567
Segment liabilities	18,617,992	243,053	413,503	4,057,692	32,860,831	56,193,071
Corporate and other unallocated assets						3,759,060
Total liabilities						59,952,131

4 OPERATING SEGMENT INFORMATION *(Continued)*

	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$*	Total *HK$*
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
Other segment information excluded in segment results:						
Impairment loss on film deposits and rights	–	–	–	(37,001,600)	–	(37,001,600)
Write-off of trade receivables	(250,161)	–	–	–	–	(250,161)
Impairment of interest in an associate	(792,498)	–	–	–	–	(792,498)
Share of loss of an associate	(194,041)	–	–	–	–	(194,041)
Depreciation and amortisation	(4,934,959)	(46,458)	(362,180)	–	(551,963)	(5,895,560)
Capital expenditure*	2,317,627	–	18,035	–	200,000	2,535,662
Segment assets	52,338,979	5,017,256	1,964,204	104,520,381	263,598,580	427,439,400
Corporate and other unallocated assets						19,518,234
Total assets						446,957,634
Segment liabilities	16,120,151	303,551	482,459	4,463,622	772,862	22,142,645
Corporate and other unallocated assets						7,092,793
Total liabilities						29,235,438

* Capital expenditure consist of additions to property, plant and equipment.

4 OPERATING SEGMENT INFORMATION *(Continued)*

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

	2018	2017
	HK$	*HK$*
Segment results	**64,161,414**	54,670,842
Other income and gains, net	**10,141,575**	3,396,732
Provision for impairment loss on film deposits and rights	**(102,074,882)**	(37,001,600)
Head office and corporate expenses	**(103,448,769)**	(81,332,311)
Operating loss	**(131,220,662)**	(60,266,337)
Finance costs	**(2,060)**	(1,617,001)
Share of losses of an associate	**(17,398)**	(194,041)
Loss before tax	**(131,240,120)**	(62,077,379)

Geographical information

(a) Revenue from external customers

		2018			2017	
	Segment revenue	**Intersegment sales**	**Sales to external customers**	Segment revenue	Intersegment sales	Sales to external customers
	HK$	***HK$***	***HK$***	*HK$*	*HK$*	*HK$*
Hong Kong	**58,481,573**	**(210,912)**	**58,270,661**	50,985,845	(171,945)	50,813,900
Singapore	**55,712,999**	**(7,955,396)**	**47,757,603**	47,127,791	(5,058,591)	42,069,200
	114,194,572	**(8,166,308)**	**106,028,264**	98,113,636	(5,230,536)	92,883,100

The revenue information above is based on the locations of the customers.

4 OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	2018 **HK$**	2017 HK$
Hong Kong	**11,312,735**	16,779,553
Singapore	**2,852,218**	4,533,481
United States	**–**	102,000,000
	14,164,953	123,313,034

The non-current asset information above is based on the locations of the assets.

Information about a major customer

None of the customers accounted for 10% or more of the Group's total revenue for the years ended 31 December 2018 and 2017.

5 REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2018 **HK$**	2017 HK$
Revenue from contract with customers	**92,307,629**	–
Advertising and media	**–**	76,473,091
Retail of skin care products	**–**	5,645,943
Commission income	**–**	2,920,118
Provision of early childhood education	**–**	2,748,512
Revenue from other sources		
Interest income from margin financing	**13,720,635**	5,095,436
	106,028,264	92,883,100

5 REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

Segments	Advertising and media *HK$*	Retail of skin care products *HK$*	Financial services *HK$*	Provision of early childhood education *HK$*	Total *HK$*
Types of goods or services					
Sales of skin care products	–	6,550,719	–	–	6,550,719
Advertising and media services:					
— direct sales channel	36,349,446	–	–	–	36,349,446
— agency sales channel	45,197,768	–	–	–	45,197,768
Nursery services	–	–	–	2,993,902	2,993,902
Commission and fee income on securities dealing and broking	–	–	903,794	–	903,794
Commission and fee income on underwriting	–	–	312,000	–	312,000
Total revenue from contracts with customers	81,547,214	6,550,719	1,215,794	2,993,902	92,307,629
Geographical markets					
Hong Kong	40,340,330	–	1,215,794	2,993,902	44,550,026
Singapore	41,206,884	6,550,719	–	–	47,757,603
Total revenue from contracts with customers	81,547,214	6,550,719	1,215,794	2,993,902	92,307,629
Timing of revenue recognition					
Goods transferred at a point of time	–	6,550,719	1,215,794	–	7,766,513
Services transferred over time	81,547,214	–	–	2,993,902	84,541,116
Total revenue from contracts with customers	81,547,214	6,550,719	1,215,794	2,993,902	92,307,629

5 REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information *(Continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	Advertising and media *HK$*	Retail of skin care products *HK$*	Financial services *HK$*	Provision of early childhood education *HK$*	Total *HK$*
Revenue from contracts with customers					
External customers	81,547,214	6,550,719	1,215,794	2,993,902	92,307,629
Intersegment sales	8,166,308	–	–	–	8,166,308
	89,713,522	6,550,719	1,215,794	2,993,902	100,473,937
Intersegment adjustments and eliminations	(8,166,308)	–	–	–	(8,166,308)
Total revenue from contracts with customers	81,547,214	6,550,719	1,215,794	2,993,902	92,307,629

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous period:

	Advertising and media 2018 *HK$*	Provision of early childhood education 2018 *HK$*	Total 2018 *HK$*
Movements in contract liabilities:			
Balance at 1 January 2018	1,246,990	319,321	1,566,311
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(1,107,236)	(319,321)	(1,426,557)
Increase in contract liabilities as a result of cash received from customers in advance	1,687,917	255,705	1,943,622
Balance at 31 December 2018	1,827,671	255,705	2,083,376

5 REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations

Information about the Group's performance obligation is summarised below:

Sales of skin care products
The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 60 days from delivery.

Advertising and media services
Revenue from advertising and media services is recognised over time during the broadcast period and payment generally due within 30 days.

Nursery services
The performance obligation is satisfied over time when services are rendered and payment generally payment in advance is required.

Commission income
Commission income is recognised on a trade date basis when the related brokerage of security transactions are executed and payment is generally due two days after trade date.

Other income and gains, net

	2018	2017
	HK$	*HK$*
Foreign exchange differences, net	**(8,471)**	38
Government grants	**661,943**	420,943
Dividend income	**24,575**	–
Interest income	**1,252,440**	11,021
Production income	**233,037**	912,558
Services fee income	**9,450,020**	–
Gain on disposal of property, plant and equipment	**334,503**	–
Reversal of impairment of trade and other receivables *(Note 20)*	**132,560**	–
Fair value (loss)/gain on equity investments at fair value through profit or loss, net	**(3,178,294)**	1,226,211
Sundry income	**1,239,262**	825,961
	10,141,575	3,396,732

6 FINANCE COSTS

	2018 HK$	2017 HK$
Interest on other borrowings	**2,060**	1,617,001

7 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Notes	2018 HK$	2017 HK$
Cost of services provided		**20,021,977**	18,100,575
Cost of inventories sold		**4,500,427**	3,722,837
Auditor's remuneration		**1,000,000**	1,698,800
Depreciation	*13*	**5,139,838**	5,476,555
Amortisation	*15*	**264,813**	419,005
Minimum lease payments under operating leases		**32,055,387**	23,549,068
Employee benefit expenses (excluding directors' remuneration (note 8)):			
Salaries, wages and allowance		**41,099,014**	32,371,163
Pension costs — defined contribution plans		**2,704,268**	2,554,387
Other post-employment benefits		**2,543,825**	1,548,749
		46,347,107	36,474,299
Write-off of trade and other receivables*		**–**	250,161
Impairment of interest in an associate*		**–**	792,498

* Items are included in "Administrative expenses" in the consolidated statement of profit and loss and other comprehensive income.

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking				
Name	Fees *HK$*	Salaries *HK$*	Housing allowance *HK$*	Employer's contribution to a retirement benefit scheme *HK$*	Total remuneration *HK$*
2018					
Executive Directors					
An Xilei *(Note a)*	–	**600,000**	–	**6,000**	**606,000**
Wong Hong Gay Patrick Jonathan	–	**1,950,000**	**768,000**	**18,000**	**2,736,000**
Mock Wai Yin	–	**480,000**	–	–	**480,000**
Wang Jun	–	**240,000**	–	**7,452**	**247,452**
Liu Xiaodong *(Note b)*	–	**1,935,483**	–	–	**1,935,483**
Chen Xiaoping *(Note c)*	–	**664,000**	–	–	**664,000**
Lam Hoi Yu Nicki *(Note d)*	–	**135,484**	–	–	**135,484**
Independent Non-executive Directors					
Chan Chi Keung Alan	**240,000**	–	–	–	**240,000**
Lee Chi Hwa Joshua	**240,000**	–	–	–	**240,000**
Lau Mei Ying	**240,000**	–	–	–	**240,000**
Total emoluments	**720,000**	**6,004,967**	**768,000**	**31,452**	**7,524,419**

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking				
	Fees *HK$*	Salaries *HK$*	Housing allowance *HK$*	Employer's contribution to a retirement benefit scheme *HK$*	Total remuneration *HK$*
2017					
Executive Directors					
An Xilei *(Note e)*	–	350,000	–	–	350,000
Wong Hong Gay Patrick Jonathan	–	1,950,000	768,000	18,000	2,736,000
Chen Xiaoping *(Note f)*	–	1,992,000	–	–	1,992,000
Mock Wai Yin	–	520,000	–	–	520,000
Lam Hoi Yu Nicki *(Note g)*	–	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 Chairman on 25 July 2018.
(b) Resigned on 25 July 2018.
(c) Resigned on 31 January 2018.
(d) Resigned on 12 January 2018.
(e) Redesignated as Deputy Chairman on 12 January 2018.
(f) Resigned on 31 January 2018.
(g) Resigned on 12 January 2018.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2017: Nil).

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year include two (2017: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2017: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2018 **HK$**	2017 HK$
Salaries, wages and allowances	**4,977,376**	4,290,916
Pension costs — defined contribution plans	**46,500**	54,000
	5,023,876	4,344,916

The number of non-director highest paid employees whose remuneration fell within the following bands:

	Number of individuals	
	2018	2017
HK$1,000,001–HK$1,500,000	**0**	2
HK$1,500,001–HK$2,000,000	**3**	1

10 INCOME TAX EXPENSE

Hong Kong and Singapore profits tax have been provided at the rate of 16.5% (2017: 16.5%) and 17% (2017: 17%), respectively, on the estimated assessable profits during the year.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group's subsidiaries in Hong Kong for the year ended 31 December 2018.

10 INCOME TAX EXPENSE *(Continued)*

Other taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2018 ***HK$***	2017 *HK$*
Current — Hong Kong	**1,004,284**	–
— PRC	**24,471**	–
— Singapore	**–**	50,019
	1,028,755	50,019

A reconciliation of the tax expense applicable to loss before tax at the statutory rates of Hong Kong, where the Company is headquartered, to the tax expense is as follows:

	2018 ***HK$***	2017 *HK$*
Loss before tax	**(131,240,120)**	(62,077,379)
At the statutory tax rate of 16.5%	**(21,654,620)**	(10,242,768)
Difference in tax rates of subsidiaries operating in other jurisdictions	**15,554**	(5,989,310)
Tax concession	**(165,000)**	–
Income not subject to tax	**(245,746)**	(315,490)
Expenses not deductible for tax	**22,369,644**	15,680,531
Tax losses for which no deferred income tax asset was recognised	**2,666,185**	1,376,016
Tax losses utilised from previous periods	**(1,957,262)**	(458,960)
Income tax expense	**1,028,755**	50,019

11 DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

12 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

The calculation of basic loss per share is based on the consolidated loss attributable to owners for the year ended 31 December 2018 of HK$107,933,612 (2017: loss of HK$52,706,931) and on the weighted average number of 1,147,092,240 (2017: 422,853,444) of ordinary shares in issue during the year.

	2018	2017
Loss attributable to ordinary equity holders of the parent (HK$)	**107,933,612**	52,706,931
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**1,147,092,240**	422,853,444
Basic loss per share	**HK9.4 cents**	HK12.5 cents

(b) Diluted

Diluted loss per share is the same as basic loss per share as potential dilutive ordinary shares outstanding during the years ended 31 December 2018 and 2017 have no dilutive effect.

13 PROPERTY, PLANT AND EQUIPMENT

	LCD monitors *HK$*	Furniture and office equipment *HK$*	Computer equipment *HK$*	Leasehold improvements *HK$*	Motor vehicles *HK$*	Total *HK$*
31 December 2018						
At 31 December 2017 and at 1 January 2018:						
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 carrying amount	**4,098,475**	**243,297**	**1,257,094**	**2,451,563**	**613,545**	**8,663,974**
At 1 January 2018, net of accumulated depreciation	**4,098,475**	**243,297**	**1,257,094**	**2,451,563**	**613,545**	**8,663,974**
Additions	**1,538,462**	**1,232**	**518,231**	**998,403**	**1,572,013**	**4,628,341**
Disposals	**–**	**–**	**–**	**(45,497)**	**–**	**(45,497)**
Depreciation *(Note 7)*	**(1,794,999)**	**(87,422)**	**(565,418)**	**(1,813,197)**	**(878,802)**	**(5,139,838)**
Exchange realignment	**(33,828)**	**(120)**	**(8,879)**	**(1,449)**	**1,037**	**(43,239)**
At 31 December 2018, net of accumulated depreciation	**3,808,110**	**156,987**	**1,201,028**	**1,589,823**	**1,307,793**	**8,063,741**
At 31 December 2018:						
Cost	**25,897,960**	**1,551,730**	**5,763,964**	**9,107,335**	**4,336,091**	**46,657,080**
Accumulated depreciation	**(22,089,850)**	**(1,394,743)**	**(4,562,936)**	**(7,517,512)**	**(3,028,298)**	**(38,593,339)**
Net carrying amount	**3,808,110**	**156,987**	**1,201,028**	**1,589,823**	**1,307,793**	**8,063,741**
31 December 2017						
At 1 January 2017:						
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 carrying amount	4,339,183	259,852	1,135,077	3,752,984	1,752,651	11,239,747
At 1 January 2017, net of accumulated depreciation	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 realignment	240,452	1,015	35,628	66,083	21,942	365,120
At 31 December 2017, net of accumulated depreciation	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 carrying amount	4,098,475	243,297	1,257,094	2,451,563	613,545	8,663,974

14 GOODWILL

	HK$
At 1 January 2017:	
Cost	2,780,482
Accumulated impairment	–
Net carrying amount	2,780,482
At 1 January 2017, net of accumulated impairment	2,780,482
Impairment during the year	–
At 31 December 2017	2,780,482
At 31 December 2017:	
Cost	2,780,482
Accumulated impairment	–
Net carrying amount	2,780,482
Cost at 1 January 2018, net of accumulated impairment	**2,780,482**
Impairment during the year	**–**
Cost and net carrying amount at 31 December 2018	**2,780,482**
At 31 December 2018:	
Cost	**2,780,482**
Accumulated impairment	**–**
Net carrying amount	**2,780,482**

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 cash-generating unit ("CGU").

14 GOODWILL *(Continued)*

The recoverable amount of the CGU has been determined by value in use approach adopted by Roma Appraisals Limited, an independent qualified valuer, based on a value in use calculation using cash flow projections based on financial budgets covering a three-year period (2017: five-year period) approved by senior management. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Average revenue growth rate of 20% (2017: 17%) with reference to the past performance and its expectation for market development;

- Discount rate of 11.79% (2017: 12.59%) is used with reference to the current market data for the relevant industry and comparable companies; and

- Terminal growth rate of 2.6% (2017: 3%) is used with reference to the Hong Kong inflation rate beyond the three-year period (2017: five-year period).

The values assigned to the above key assumption on market development of securities brokerage industries, discount rates and inflation rate are consistent with external information sources.

At 31 December 2018 and 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 amount.

15 OTHER INTANGIBLE ASSETS

	Rights to use intellectual properties *HK$*	Licence *HK$*	Total *HK$*
31 December 2018			
Cost at 1 January 2018, net of accumulated amortisation	**300,563**	**–**	**300,563**
Amortisation *(Note 7)*	**(264,813)**	**–**	**(264,813)**
At 31 December 2018	**35,750**	**–**	**35,750**
At 31 December 2018:			
Cost	**3,265,000**	**2,102,411**	**5,367,411**
Accumulated amortisation	**(3,229,250)**	**(2,102,411)**	**(5,331,661)**
Net carrying amount	**35,750**	**–**	**35,750**
31 December 2017			
At 1 January 2017			
Cost	3,265,000	2,102,411	5,367,411
Accumulated amortisation	(2,545,432)	(2,102,411)	(4,647,843)
Net carrying amount	719,568	–	719,568
Cost at 1 January 2017, net of accumulated amortisation	719,568	–	719,568
Amortisation *(Note 7)*	(419,005)	–	(419,005)
At 31 December 2017	300,563	–	300,563
At 31 December 2017 and 1 January 2018:			
Cost	3,265,000	2,102,411	5,367,411
Accumulated amortisation	(2,964,437)	(2,102,411)	(5,066,848)
Net carrying amount	300,563	–	300,563

16 FILM DEPOSITS AND RIGHTS

	Film deposits and rights *HK$*
31 December 2018	
Cost at 1 January 2018, net of accumulated amortisation and impairment	**102,000,000**
Impairment	**(102,074,882)**
Exchange realignment	**74,882**
At 31 December 2018	**–**
At 31 December 2018:	
Cost	**102,074,882**
Accumulated amortisation and impairment	**(102,074,882)**
Net carrying amount	**–**
31 December 2017	
At 1 January 2017:	
Cost	138,912,831
Accumulated amortisation	–
Net carrying amount	138,912,831
Cost at 1 January 2017, net of accumulated amortisation and impairment	138,912,831
Additions	38,793
Impairment	(37,001,600)
Exchange realignment	49,976
At 31 December 2017	102,000,000
At 31 December 2017 and 1 January 2018:	
Cost	139,001,600
Accumulated amortisation and impairment	(37,001,600)
Net carrying amount	102,000,000

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 considered as nil (2017: HK$102,000,000), as a result, a provision for impairment of HK$102,074,882 (2017: HK$37,001,600) on the film deposits and rights was made during the year ended 31 December 2018.

16 FILM DEPOSITS AND RIGHTS *(Continued)*

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

	2018	2017	2016
Box office earnings to production cost multiples	**4.0**	5.8–5.9	5.8–5.9
Discount rate	**22.0%**	20.6%	19.6%
Profit sharing ratio	**22.50%**	22.50%	41.25%

These calculations use estimated future cash flows relating to each film deposits and rights based on 5-year financial budgets approved by the management and the box office earnings to production cost multiples are determined 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.

The reasons for the impairment of film deposits and rights are as follows:

The Group acquired Ricco Media Investments Ltd ("RMI") which indirectly holds a 75% equity interest in Stan Lee Global Entertainment, LLC ("SLGE") that is 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 script among which three are already in the development phases. There are three film rights, namely, Realm, Annihilator, Replicator and Antiligh, are initially measured as fair value under the income-based approach, and the recoverable amount was approximately HK$136,000,000 as at 31 December 2015, the key assumptions used in the value in use calculation of the film deposits and rights for 2015 and 2016 included (i) the production budget of films ranged from US$50 million to US$65 million; (ii) the box office earning to production cost multiples ranged from 5.8 times to 6.1 times and (iii) discount rate ranged from 19.6% to 20.6%. RMI Group considered that the box office earning to production cost multiples is commonly used in the film production industry as an indicator for film performance and the box office earning to production cost multiples adopted were determined with reference to the increasing popularity in superhero film at that period.

As disclosed in the Company's annual report for the year ended 31 December 2017, the Group recognised an impairment of film deposits and rights of approximately HK$37,001,600 and the recoverable amount of film deposits and rights was approximately HK$102,000,000 as at 31 December 2017. It was mainly attributable to (i) 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. The RMI Group decreased the production cost budget of Realm from US$50 million to US$38.4 million in 2017 in response to the expected increase competitiveness of the film industry and the profit sharing ratio was decreased from 41.25% in 2015 and 2016 to 22.50% in 2017 with reference to the terms and conditions stated in the proposed draft co-financing arrangement. Since completion of acquisition of the rights in these films, the Group has been actively seeking collaborating partners among studios in Hollywood and/or China to co-finance the funding necessary for the production of the 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 in the form of a co-financing arrangement. For the year ended 31 December 2017, the Company had taken into account the terms and conditions of the proposed draft co-financing agreement in the value in use calculation. Due to the scale of the funding required to participate in the film production, the Group would be required to raise funds through equity financing or debt financing to fund the film production. Furthermore, as disclosed in the Company's interim report for the period ended 30 June 2018, the Company recognised an impairment of film deposits and rights of approximately HK$42 million because there was no further progress in negotiation with the co-financer and the Group has not entered into any formal contractual agreement in relation to the production of these films.

16 FILM DEPOSITS AND RIGHTS *(Continued)*

For the year ended 31 December 2018, the Group has recognised further impairment loss of film deposits and rights of HK$102,074,882. This was mainly attributable to the change in box office earning to production budget multiples from 5.8–5.9 times in previous years to 4.0 times in 2018. In assessing the box office earning to production budget multiples, RMI Group has taken into account the recent development of the film industry, including the trends in the Superhero films and certain top box office films. Over the past few years, the Superhero films achieved phenomenal success, including those the Superhero characters originally created by Mr. Stan Lee (who deceased in 2018). As for the film industry, in particular, the producers of the Superhero films, were dominated by one to two key film producers. According to the box office in 2017 and 2018, certain Superhero films achieved to break the box office records and the average box office earning to production budget multiples for films produced the most successful film producer ranged from approximately 3.2 times to 6.3 times, while the second most successful film producer ranged from approximately 2.1 times to 5.7 times. RMI Group owned intellectual property rights in three films with characters was originally created by Mr. Stan Lee, however, the Group's Superhero characters are newly created and these film rights are still in the script development stage. Comparing to those Superhero characters with long history and high publicity, the competition for RMI's Superhero films would be keen and therefore, the box office earning to production budget ratio was adjusted in 2018. In addition, the recent film industry in China was affected by China's tax authority in reinforcing tax practices, such tighten tax practice affected the entire film industry's current operation, in particular, some film production companies have cancelled or postponed their film projects, some film production companies have gone out of business while some of the famous actors/actresses in China were affected by the tightening tax practices. As several RMI Group's Superhero characters would target the Chinese actors/actresses as the leading role in the films and some production would be taken place in Mainland China, the RMI Group envisaged that the production of these films would be challenging in the near future.

In the light of the foregoing, the directors consider that the recoverable amount of film deposits and rights are highly uncertain and difficult to predict, accordingly, a full provision for impairment of HK$102,074,882 (2017: HK$37,001,600) was charged to profit or loss during the year.

17 AVAILABLE-FOR-SALE FINANCIAL ASSET

	2018 ***HK$***	2017 *HK$*
Available-for-sale financial asset		
Unlisted equity investment at fair value	**–**	3,000,000

At 31 December 2017, certain unlisted equity investments with a carrying amount of HK$3,000,000 were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value could not be measured reliably. The Group did not intend to dispose of them in the near future. At 1 January 2018, the Group has reclassified the previously held available-for-sale financial asset as equity investments at fair value through profit or loss, further details are set out in Note 2.2 to the financial statements.

18 INVENTORIES

	2018	2017
	HK$	*HK$*
Finished goods	–	1,645,868

19 MARGIN LOANS RECEIVABLE

Margin loans to third parties are denominated in Hong Kong dollars, bearing interest at commercial rates, secured by the underlying pledged securities and are repayable on demand.

The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Group, where the Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call with the margin clients having to make good the shortfall. In granting credit facility, other factors such as financial strength, creditworthiness and the past collection statistics are also considered. The Group's Credit Review Department are responsible to monitor credit risk and seek to maintain a strict control over the outstanding loan balance.

The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. As at 31 December 2018, advances to customers in margin financing of HK$165,003,073 (2017: HK$152,022,021) were secured by securities pledged by the customers to the Group as collateral with undiscounted market value of HK$448,037,603 (2017: HK$761,193,186).

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.

20 TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$	*HK$*
Trade receivables	**22,114,197**	21,359,904
Impairment	**(544,056)**	–
Trade receivables, net *(Note a)*	**21,570,141**	21,359,904
Prepayments, other receivables and other assets *(Note b)*	**25,957,351**	14,097,115
	47,527,492	35,457,019
Less: non-current portion:		
Rental deposits	**(2,094,873)**	(4,522,758)
Prepayment for acquisition of plant and equipment	–	(815,150)
Deposit with Hong Kong Exchanges and Clearing Limited	**(705,000)**	(500,000)
	(2,799,873)	(5,837,908)
Current portion	**44,727,619**	29,619,111

20 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The ageing analysis of trade receivables as at the end of the reporting period, based on invoice date and net of loss allowance, is as follows:

	2018 ***HK$***	2017 *HK$*
Up to 30 days	**15,643,814**	5,952,119
31–60 days	**2,203,807**	7,503,011
Over 60 days	**3,722,520**	7,904,774
	21,570,141	21,359,904

Movements on the provision for impairment of trade receivables are as follows:

	2018 ***HK$***	2017 *HK$*
At beginning of year	**–**	–
Effect of adoption of HKFRS 9	**676,616**	–
At beginning of year (restated)	**676,616**	–
Reversal of impairment of trade receivables *(Note 5)*	**(132,560)**	
At end of year	**544,056**	–

20 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables *(Continued)*

Impairment under HKFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2018

		Past due			
	Current	0–30 days	31–60 days	Over 60 days	Total
Expected credit loss rate (%)	2.03%	2.90%	3.09%	2.86%	2.46%
Gross carrying amount (HK$)	11,410,822	4,597,322	2,273,968	3,832,085	22,114,197
Expected credit losses (HK$)	231,107	133,223	70,161	109,565	544,056

Impairment under HKAS 39 for the year ended 31 December 2017

The ageing analysis of the trade receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under HKAS 39 is as follows:

	2017 *HK$*
Neither past due nor impaired	5,952,119
0–30 days past due	7,503,011
31–60 days past due	3,390,452
Over 60 days past due	4,514,322
Past due but not impaired	21,359,904

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

20 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Prepayments, other receivables and other assets

	2018 HK$	2017 HK$
Prepayments	**1,624,632**	3,922,105
Rental deposits	**7,422,835**	6,697,956
Other deposits	**1,270,779**	1,108,074
Deposit with Hong Kong Exchanges and Clearing Limited	**705,000**	500,000
Advances to employees	**154,264**	86,614
Other taxes receivables	**493,176**	534,801
Other receivables	**153,543**	1,247,565
Due from non-controlling interest *(Note (i))*	**34,382**	–
Loans and interest receivables *(Note (ii))*	**14,098,740**	–
	25,957,351	14,097,115

Notes:

(i) The amount due from non-controlling interest was unsecured, interest-free and had no fixed terms of repayment.

(ii) The terms of unsecured loan entered with two independent parties with total principal amounts of HK$13,000,000 are repayable on 27 March 2019 and 29 March 2019, and bearing interest at a rate of 12% per annum.

(iii) None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

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

	2018 HK$	2017 HK$
HK$	**31,952,676**	18,723,576
Singapore dollars (“SG$”)	**15,574,816**	16,642,857
US$	**—**	90,586
	47,527,492	35,457,019

21 INVESTMENT IN AN ASSOCIATE

	2018 HK$	2017 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	**(329,793)**	(312,395)
Impairment of interest in an associate	**(792,498)**	(792,498)
	127,709	145,107

The loan to associate is unsecured, interest-fee and repayable on demand. In the opinion of the directors, the loan is unlikely to be repaid in the foreseeable future and is considered as part of the Group's net investment in an associate.

Movement in the investment in an associate is as follows:

	2018 HK$	2017 HK$
At beginning of the year	**145,107**	1,131,646
Share of loss of an associate	**(17,398)**	(194,041)
Impairment of interest in an associate *(Note 7)*	**–**	(792,498)
At end of the year	**127,709**	145,107

Particulars of an associate are as follows:

Name	Particulars of issued shares held	Place of incorporation and business	Percentage of ownership interest attributable to the Group 2018	Percentage of ownership interest attributable to the Group 2017	Principal activity
Wisefit Smooth Limited	Ordinary shares	British Virgin Islands ("BVI")/ Hong Kong	**36%**	36%	Retail of fruit drink in Hong Kong

The Group's shareholdings in an associate comprises equity shares held through a wholly-owned subsidiary of the Company.

21 INVESTMENT IN AN ASSOCIATE *(Continued)*

Wisefit Smooth Limited is accounted for using the equity method.

	2018	2017
	HK$	*HK$*
Aggregate carrying amount of the Group's associate that are not individually material	**127,709**	145,107
Aggregate amounts of the Group's share of:		
Loss for the year	**17,398**	194,041
Other comprehensive income	**–**	–
Total comprehensive loss	**17,398**	194,041

22 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2018	2017
	HK$	*HK$*
Cash and bank balances	**76,281,959**	134,737,011
Time deposits	**3,932,398**	896,255
	80,214,357	135,633,266
Less: Pledged time deposits *(Note)*:		
Current portion	**(575,000)**	(311,255)
Non-current portion	**(357,398)**	(585,000)
Cash and cash equivalents	**79,281,959**	134,737,011

Note:

As at 31 December 2018, bank deposits of HK$932,398 (2017: HK$896,255) were pledged to a bank for guarantees issued by the bank.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$253,987 (2017: HK$299,065). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22 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:

	2018 **HK$**	2017 *HK$*
HK$	**60,595,596**	124,439,651
SG$	**17,083,886**	8,610,133
RMB	**253,987**	299,065
US$	**2,280,888**	2,284,417
	80,214,357	135,633,266

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 **HK$**	2017 *HK$*
Listed equity investments, at fair value	**4,506,020**	–

The above equity investments at 31 December 2018 were classified as financial assets at fair value through profit or loss as they were held for trading.

The fair value of the Group's short term investments at the date of approval of these financial statements was approximately HK$5,228,040.

24 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.

25 TRADE AND OTHER PAYABLES

	Notes	2018 HK$	2017 HK$
Trade payables	(a)	**1,230,698**	242,560
Licence fee payable		**338,712**	338,712
Other payables	(b)	**28,428,442**	1,290,912
Loan and interest payable to a director	(c)	**1,602,060**	–
Contract liabilities	(d)	**2,083,376**	–
Accruals		**10,161,531**	18,098,266
		43,844,819	19,970,450

Notes:

(a) The trade payable are non-interest bearing and are normally settled from 60 to 90 days. An ageing analysis of the trade payables as at the end of the reporting period, based on the due date, is as follows:

	2018 HK$	2017 HK$
Current	**1,230,698**	242,560

(b) Included in the other payables are amount due to a former non-controlling shareholder of HK$18,000,000 is unsecured, interest-bearing at 8% per annum commencing on 1 January 2019 and has no fixed term of repayment. The remaining balances of other payables are non-interest-bearing and have an average term of 1 month.

(c) The amount was unsecured, bearing interest at 1% per annum and repayable on 14 November 2019.

(d) Details of contract liabilities as at 31 December 2018 and 1 January 2018 are as follows:

	31 December 2018 HK$	1 January 2018 HK$
Short-term advances received from customer:		
Advertising and media services	**1,827,671**	1,246,990
Provision of early childhood education	**255,705**	319,321
	2,083,376	1,566,311

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

	2018 HK$	2017 HK$
HK$	**31,612,979**	10,264,421
SG$	**8,166,737**	5,666,486
RMB	**7,501**	5,302
US$	**4,057,602**	4,034,241
	43,844,819	19,970,450

26 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.

27 DEFERRED INCOME TAX

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

	2018 ***HK$***	2017 *HK$*
Deferred tax assets	–	19,324
Deferred tax liabilities	–	(19,324)
	–	–

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

	2018 ***HK$***	2017 *HK$*
At 1 January	–	–
Credited/(charged) to the consolidated statement of comprehensive income arising from deferred income tax liabilities	–	296,984
(Charged)/credited to the consolidated statement of comprehensive income arising from deferred income tax assets	–	(296,984)
At 31 December	–	–

27 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	
	2018	2017
	HK$	*HK$*
At 1 January	**19,234**	316,308
Credited to the consolidated statement of comprehensive income	**(19,324)**	(296,984)
At 31 December	**–**	19,324

Deferred income tax assets

	Tax losses	
	2018	2017
	HK$	*HK$*
At 1 January	**19,234**	316,308
Charged to the consolidated statement of comprehensive income	**(19,234)**	(296,984)
At 31 December	**–**	19,324

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$8,002,500 (2017: HK$7,293,577) in respect of unrecognised tax losses of HK$48,051,603 (2017: HK$43,886,523). The tax losses can be carried forward against future taxable income with no expiry date.

28 SHARE CAPITAL

	Number of ordinary shares	Share capital
		HK$
Authorised:		
Ordinary shares of HK$0.1 each	**5,000,000,000**	**500,000,000**
Issued and fully paid:		
At 1 January 2017	229,418,448	22,941,845
Issue of shares under Rights Issue *(Note)*	917,673,792	91,767,379
At 31 December 2017 and 2018	**1,147,092,240**	**114,709,224**

Note: 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$204,171,065.

29 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.

29 SHARE-BASED PAYMENTS *(Continued)*

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

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:

	2018		2017	
	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	**2.758**	**941,910**	2.900	895,778
Adjustment				
— Rights issue *(Note a)*	**–**	**–**	2.758	46,132
— Share consolidation *(Note b)*	**–**	**–**	–	–
At 31 December	**2.758**	**941,910**	2.758	941,910

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 (2017: 941,910) outstanding options, 941,910 (2017: 941,910) options were exercisable as at 31 December 2018.

29 SHARE-BASED PAYMENTS *(Continued)*

(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.

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

	2018		2017	
	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	**2.777**	**462,595**	2.920	439,942
Adjustment				
— Rights issue *(Note a)*	**–**	**–**	2.777	22,653
— Share consolidation *(Note b)*	**–**	**–**	–	–
At 31 December	**2.777**	**462,595**	2.777	462,595

29 SHARE-BASED PAYMENTS *(Continued)*

(b) 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 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 (2017: 462,595) outstanding options, 462,595 (2017: 462,595) options were exercisable as at 31 December 2018.

30 RESERVES

The amounts of the group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 66 to 67 of the financial statements.

31 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 91.19% owned subsidiary, of the Group.

As at 31 December 2018, the net assets of Stan Lee Global Entertainment LLC primarily comprised of film deposits and rights of nil after provision of impairment loss on film deposits and rights during the year. (2017: HK$102,000,000).

As at 31 December 2018, the net assets of Cornerstone Securities Limited primarily comprised of margin loans receivable of HK$165,003,073 (2016: HK$152,022,021) and cash and cash equivalents of HK$39,690,276 (2017: HK$100,798,063).

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Borrowings due within 1 year *HK$*	**Interest payable** *HK$*	**Total** *HK$*
At 1 January 2018	**–**	**–**	**–**
Loan advanced from a director	**(1,600,000)**	**–**	**(1,600,000)**
Interest expenses	**–**	**(2,060)**	**(2,060)**
At 31 December 2018	**(1,600,000)**	**(2,060)**	**(1,602,060)**

	Borrowings due within 1 year *HK$*	Interest payable *HK$*	Total *HK$*
At 1 January 2017	–	–	–
Proceeds from other borrowings	(89,408,000)	–	(89,408,000)
Repayment of other 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)
At 31 December 2017	–	–	–

(b) 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.

33 COMMITMENT

(a) Operating lease commitments

The Group leases certain of its office properties and outdoor billboard spaces under operating lease arrangements. Leases for properties are negotiation for terms ranging from one to three years, and those for outdoor billboard spaces are for terms ranging between one to five years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 ***HK$***	2017 *HK$*
Within one year	**15,568,284**	19,709,912
In the second to fifth years, inclusive	**7,154,889**	14,325,686
	22,723,173	34,035,598

34 RELATED PARTY TRANSACTIONS

In addition to the transaction detailed elsewhere in these financial statements, the group had the following transactions with related parties during the year.

(a) On 7 August 2018, the Company through its indirect wholly-owned subsidiary, Glory Creator Limited, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Cornerstone Financial Group Limited (the "Vendor") for the acquisition (the "Acquisition") of an additional 7.66% equity interests in each of Cornerstone Securities Limited ("CSL") and Cornerstone Strategic Holding Limited ("CSHL") at the total consideration of HK$25,000,000. The sole shareholder of the Vendor was the director of the Group's subsidiaries. In accordance with the terms of the Sale and Purchase Agreement, completion of the Acquisition took place on 5 December 2018. As a result, the Group's equity interests in CSL and CSHL were increased from 83.53% to 91.19%. The Group paid an aggregated amount of HK$7 million consideration to the Vendor and the remaining HK$18 million was still outstanding and will bear interest at 8% per annum starting from 1 January 2019 onwards. For details of the above transaction, please refer to the Company's announcement dated 7 August 2018.

34 RELATED PARTY TRANSACTIONS *(Continued)*

(b) On 15 November 2018, the Company entered into a loan agreement with Mr. An Xilei ("Mr. An"), to borrow a loan amounting to HK$1,600,000 from Mr. An (the "Director Loan"). The Director Loan bears an interest rate of 1% per annum and for a period of one year from 15 November 2018 to 14 November 2019. As at 31 December 2018, the accrued interest expenses related to the Director Loan was amounted to approximately HK$2,060. Mr. An is the Chairman and Director of the Company and Mr. An owns 40% interest in Profit Cosmo Group Limited, which deemed to be interested in 340,000,000 shares or 29.64% of the issued shares of the Company.

(c) Compensation of key management personnel of the Group

	2018	2017
	HK$	*HK$*
Salaries, wages and allowance	**6,724,967**	6,312,000
Pension costs — defined contribution plans	**31,452**	18,000
Other post-employment benefits	**768,000**	768,000
	7,524,419	7,098,000

Further details of directors and the chief executive's remuneration are included in note 8 to the consolidated financial statements.

35 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2018

Financial assets

	Financial assets at fair value through profit or loss — Held for trading *HK$*	Financial assets at amortised cost *HK$*	Total *HK$*
Margin loans receivable	–	165,003,073	165,003,073
Trade receivables	–	21,570,141	21,570,141
Financial assets included in prepayments, other receivables and other assets	–	16,558,737	16,558,737
Equity instruments at fair value through profit or loss	4,506,020	–	4,506,020
Pledged deposits	–	932,398	932,398
Cash and cash equivalents	–	79,281,959	79,281,959
	4,506,020	283,346,308	287,852,328

Financial liabilities

	Financial liabilities at amortised cost *HK$*
Trade payables	1,230,698
Financial liabilities included in other payables	30,850,530
Amount due to director	1,602,060
	33,683,288

35 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2017

Financial assets

	Loans and receivables *HK$*	Available-for-sale financial assets *HK$*	Total *HK$*
Available–for–sale investments	–	3,000,000	3,000,000
Trade receivables	21,359,904	–	21,359,904
Margin loans receivable	152,022,021	–	152,022,021
Financial assets included in prepayments, other receivables and other assets	5,335,883	–	5,335,883
Pledged deposits	896,255	–	896,255
Cash and cash equivalents	134,737,011	–	134,737,011
	314,351,074	3,000,000	317,351,074

Financial liabilities

	Financial liabilities at amortised cost *HK$*
Trade payables	242,560
Financial liabilities included in other payables	1,629,624
	1,872,184

36 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed the fair values of the Group's financial assets and financial liabilities are approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

36 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of listed equity investments are based on quoted market prices.

For the fair value of the unlisted equity investments at fair value through profit or loss, which were previously classified as available-for-sale equity investments, management has estimated the potential effect of using reasonably possible alternatives as inputs for its fair value by using the latest transaction price.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *HK$*	**Significant observable inputs (Level 2)** *HK$*	**Significant unobservable inputs (Level 3)** *HK$*	**Total** *HK$*
Equity investments at fair value through profit or loss	**4,506,020**	**–**	**–**	**4,506,020**

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *HK$*	Significant observable inputs (Level 2) *HK$*	Significant unobservable inputs (Level 3) *HK$*	Total *HK$*
Available-for-sale investments:				
Unlisted equity investments	–	–	3,000,000	3,000,000

36 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	2018 **HK$**	2017 HK$
Equity investments at fair value through profit or loss available-for-sale investments – unlisted:		
At 1 January	**3,000,000**	3,000,000
Effect of adoption of HKFRS 9	**–**	–
At 1 January (restated)	**3,000,000**	3,000,000
Changes in fair value recognised in the statement of profit or loss included in other income	**294,196**	–
Disposals	**(3,294,196)**	–
	–	3,000,000

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities (2017: Nil). The Group did not have any significant financial liabilities measured at fair value as at 31 December 2018 and 2017.

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 financial asset at fair value through profit or loss, amount due from non-controlling interest. 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$448,037,603 (2017: HK$761,193,186) and margin loans receivable amounted to HK$165,003,073 (2017: HK$152,022,021). The maximum exposure to credit risk before collateral held or other credit enhancements approximates to the carrying value.

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 20.

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.

	On demand *HK$*	**Within 1 year** *HK$*	**Total** *HK$*
At 31 December 2018			
Trade and other payables	**18,180,000**	**25,860,819**	**44,040,819**
Accounts payable to brokerage clients	**–**	**11,346,280**	**11,346,280**
Total	**18,180,000**	**37,207,099**	**55,387,099**
At 31 December 2017			
Trade and other payables	–	19,970,450	19,970,450
Accounts payable to brokerage clients	–	5,309,305	5,309,305
Total	–	25,279,755	25,279,755

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(d) Capital 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.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Net debt is calculated as total borrowing (including "other payables", "loan and interest payables to a director" and "amount due to a non-controlling shareholder" as included in "trade and other payables" 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.

The gearing ratios at 31 December 2018 and 2017 were as follows:

	2018 ***HK$***	2017 *HK$*
Other borrowings	**19,600,000**	–
Less: Cash and cash equivalents	**(79,281,959)**	(134,737,011)
Net (cash)/debt	**(59,681,959)**	(134,737,011)
Total equity	**259,653,436**	417,722,196
Total capital	**199,971,477**	282,985,185
Gearing ratio	**7.5%**	N/A

38 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2018	2017
	HK$	*HK$*
NON-CURRENT ASSETS		
Plant and equipment	**292,060**	–
Interests in subsidiaries	**13,676,206**	103,676,198
Rental deposits	**1,024,320**	1,024,320
Total non-current assets	**14,992,586**	104,700,518
CURRENT ASSETS		
Deposits, prepayments and other receivables	**15,478,060**	2,452,397
Due from subsidiaries	**225,763,917**	272,061,487
Cash and cash equivalents	**1,249,953**	3,912,003
Total current assets	**242,491,930**	278,425,887
CURRENT LIABILITIES		
Other payables and accruals	**3,759,060**	1,658,000
Total current liabilities	**3,759,060**	1,658,000
Net current assets	**238,732,870**	276,767,887
TOTAL ASSETS LESS CURRENT LIABILITIES	**253,725,456**	381,468,405
EQUITY		
Share capital	**114,709,224**	114,709,224
Other reserves (Note)	**139,016,232**	266,759,181
TOTAL EQUITY	**253,725,456**	381,468,405

Wong Hong Gay Patrick Jonathan
Director

An Xilei
Director

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

Note:

A summary of the Company's reserve is as follows:

	Share premium *HK$*	Share option reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 January 2017	440,528,546	2,020,536	(121,880,866)	320,668,216
Loss for the year	–	–	(166,312,721)	(166,312,721)
Rights issue				
— Proceeds from rights issue	119,297,593	–	–	119,297,593
— Rights issue expenses	(6,893,907)	–	–	(6,893,907)
At 31 December 2017 and 1 January 2018	**552,932,232**	**2,020,536**	**(288,193,587)**	**266,759,181**
Loss for the year	**–**	**–**	**(127,742,949)**	**(127,742,949)**
At 31 December 2018	**552,932,232**	**2,020,536**	**(415,936,536)**	**(139,016,232)**

39 EVENTS AFTER THE REPORTING PERIOD

(i) On 4 March 2019, Creative Execution Limited ("CEL"), an indirect wholly-owned subsidiary of the Group, that owns 70% of the issued share capital of Babysteps Limited ("Babysteps") and the 30% non-controlling interest shareholder of Babysteps agreed to sell their entire interest in Babysteps for a consideration of HK$1 to an independent third party buyer. Since the incorporation of Babysteps in 2014, it has been engaged in the provision of early childhood education business and the accumulated loss since incorporation to the end of 2018 was approximately HK$6 million with net liabilities of approximately HK$5.1 million. The Group considered the disposal of Babysteps was in the best interest of the shareholders as Company can focus its resources for the development of its principal businesses.

(ii) On 20 March 2019, the Company entered into the second supplemental agreement (the "Second Supplemental Agreement") with an independent third party (the "Borrower"), pursuant to the Second Supplemental Agreement, the Company agreed to extend the final repayment date of the remaining balance of the loan receivable ("Loan") (in the sum of HK$7.6 million) to 27 September 2020 at an interest rate of 12% per annum for the period between 28 March 2019 and 27 March 2020 and at an interest rate of 18% per annum for the period between 28 March 2020 and 27 September 2020. In addition, the Loan was secured by the corporate guarantee and the personal guarantee provided by the major shareholder of the borrower in favour of the Company. Further details are set out in the Company's announcement dated 20 March 2019.

40 COMPARATIVE AMOUNTS

As further explained in Note 2.2 to the financial statements, due to the adoption of the new and revised HKFRS during the year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. In addition, certain comparative amounts have been reclassified to conform with the current year's presentation.

41 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2019.

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