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

2019
ANNUAL REPORT
年度報告

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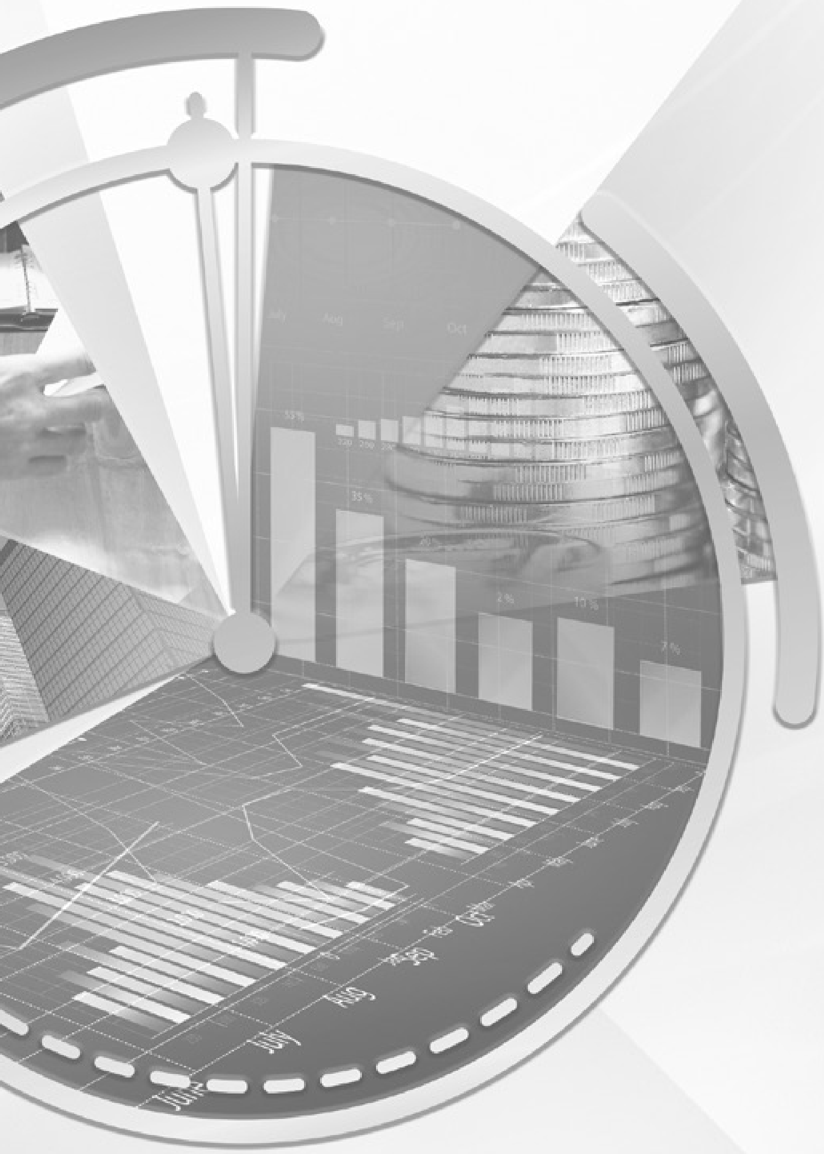
This report, for which the directors (the "Directors") of Cornerstone Financial Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM 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)*
Wong Hong Gay Patrick Jonathan *(CEO)*
Mock Wai Yin
Wang Jun

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)*
Mock Wai Yin
Lau Mei Ying

EXECUTIVE COMMITTEE

An Xilei *(Chairman)*
Wang Jun

COMPLIANCE OFFICER

Mock Wai Yin

COMPANY SECRETARY

Chan Sau Chee

AUTHORIZED REPRESENTATIVES

An Xilei
Mock Wai Yin

AUDITORS

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Wanchai, Hong Kong

REGISTERED OFFICE

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
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Grand Cayman KYI-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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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				
	2019	2018*	2017*	2016*	2015*
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
RESULTS					
Revenue	**92,039,627**	106,028,264	92,883,100	80,646,748	72,306,609
Loss for the year	**(17,260,109)**	(132,268,875)	(62,127,398)	(20,430,775)	(18,936,258)
Attributable to:					
Owners of the Company	**(18,107,764)**	(107,933,612)	(52,706,931)	(19,460,622)	(18,139,328)
Non-controlling interest	**847,655**	(24,335,263)	(9,420,467)	(970,153)	(796,930)

	as at 31 December				
	2019	2018	2017	2016	2015
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
ASSETS AND LIABILITIES					
Total assets	**320,400,032**	319,605,567	446,957,634	287,046,724	222,585,301
Total liabilities	**(76,170,150)**	(59,952,131)	(29,235,438)	(47,533,641)	(93,887,346)
Net assets	**244,229,882**	259,653,436	417,722,196	239,513,083	128,697,955

* The results included the provision of early childhood education business which was a discontinued operation for the year ended 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

During the year ended 31 December 2019 (the "Financial Year"), Cornerstone Financial Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") were principally engaged in financial services and the advertising and media services. The advertising and media business remained the main contributor to the Group's revenue while the financial services continued to generate stable return for the Group. To allocate more resources in the development of the Group's principal businesses, the Group has disposed of the business in the provision of early childhood education and ceased the business in the retail of skin care products during the Financial Year. The coronavirus outbreak in early 2020 would affect the worldwide economic growth and the Group's performance would inevitably be affected in the short run. The management is cautiously optimistic that the economy would recover after the coronavirus outbreak and the business prospect of the Group would remain strong in the future. The Group's business review and prospects are as follows:

Financial Services

During the Financial Year, 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") and a wholly owned subsidiary of the Group also obtained the license to conduct money lending business. The performance of the Group's financial services business remained strong for the Financial Year, the total revenue reached approximately HK$14 million while the operating profit before tax reached approximately HK$10 million. Margin financing business was the key income stream for the Group's financial services business and approximately HK$159 million margin loan financing was granted to margin account clients as at 31 December 2019 while the total net assets of the Group's client accounts amounted to approximately HK$1,923 million and the net assets for margin account clients and cash account clients were approximately HK$432 million and HK$1,491 million respectively.

On 19 July 2019, the Group entered into a conditional sale and purchase agreement with an independent third party to dispose 80% equity interests in Cornerstone Strategic Holding Limited ("CSHL") (the "Disposal"). CSHL was incorporated for applying the licence to carry out Type 9 (asset management) regulated activity under the SFO, and such licence was granted to Cornerstone Asset Management Limited ("CAML", a wholly-owned subsidiary of CSHL) in August 2018. The Group's asset management business originally targeted at high net worth individuals and potential institutional clients in the mainland China and Hong Kong. The development of the asset management business was affected by the departure of the then chairman of the Company, who was responsible for promoting the financial services business, in particular, the formulation of strategies and implementation of development of the asset management projects. In response to such personnel change, the financial services team had a succession plan in place to ensure the furtherance of the asset management projects. However, the progress was dampened by the economic slowdown in China and the escalating China-US Trade War since 2018. In view of the economic uncertainties, it is believed that commencing new asset management projects would be challenging and seeking support from institutional investors would be difficult. Therefore, CAML has not launched any asset management project after obtaining the approval from the SFC to conduct Type 9 (asset management) regulated activity. New asset management projects are generally associated with higher risks than traditional financial services activities like the securities trading and margin financing businesses. The Company believes that adjusting its corporate strategy by the disposal of the asset management business would be more beneficial to the Group as a whole. The Disposal is still subject to approval from the SFC.

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 contribute positive results to the Group. In order to enhance the business development of the financial services business, the Group will from time to time explore financing opportunities to strengthen the capital base of the securities brokerage and margin financing business.

Advertising and media business

The Group is a well-established digital out-of-home ("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, reaching business executives and affluent consumers.

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	2019	2018
Hong Kong	Office, Commercial and Residential Network	**974**	912
Singapore	Office and Commercial Network	**518**	523
Total number of venues		**1,492**	1,435

As of 31 December 2019, the Group has deployed its branded flat-panel displays at 1,492 office, commercial and residential buildings in Hong Kong and Singapore under its digital OOH media network.

Under its OOH large format media network in Hong Kong, the Group continues to hold the exclusive advertising sales rights to the billboard along the super-long pedestrian walkway leading to Knutsford Terrace at Tsim Sha Tsui ("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.

To capitalize on the Group's success in operating digital media panels, the Group launched a number of large LED panels. In October 2019, the Group was awarded the exclusive advertising sales rights of four LED panels at three strategic locations, namely "V" and 3 Matheson Street in Causeway Bay, 53 Carnarvon Road in Tsim Sha Tsim and Le Diamant in Mongkok. Causeway Bay, Tsim Sha Tsim and Mongkok are amongst the busiest shopping and dining districts in Hong Kong.

Sogo Department Store ("Sogo"), Times Square and Lee Theatre are all renowned landmark shopping sites in Causeway Bay. "V" is just one block away from Sogo capturing both local and foreign shoppers. The large LED panels at 3 Matheson Street is a combo of G-Glass LED building wrap at the top with multi-layers LED panels at the bottom, where advertisers can deliver their messages creatively. It is strategically located between Times Square and Lee Theatre.

53 Carnarvon Road is in the center of busy Tsim Sha Tsui, known as the one-stop shoppers' paradise brimming with both high-end malls and bustling shopping streets. 53 Carnarvon Road's LEDs are in triple horizon L-shape LED format where advertisers can broadcast their messages in an unique and dynamic way. It is diagonally opposite to the shopping arcade "The One", corner site at the junction of Granville Road and Carnarvon Road. Granville Road is a road with fashion shops piled with a variety of brands and boutiques.

Le Diamant's LEDs are a combination of giant LED screen and LED billboard which are made up of a total of 212 sqm located in the buzzing Mongkok occupied by both locals and tourists. Le Diamant's LEDs are located on Nathan Road in the liveliest district which includes popular shopping malls, stalls and shopping streets. It is a spot that will not be missed out by locals and tourists.

Under its OOH large format media network in Singapore, the Group added another three exclusive OOH sites, making it a total ten strategically located OOH sites. Within the Raffles Green area which are just above the Raffles Place MRT station, located right in the heart of Singapore's financial district, the Group dominates the vicinity with three prominent sites, two illuminated large static billboard sites namely Clifford Centre and The Arcade and one LED screen at Oxley @ Raffles (previously known as Chevron House).

The Group's other OOH large static format which targets SMEs includes exclusive partnerships with AZ @ Paya Lebar and Ark @ KB. AZ @ Paya Lebar building is 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. Another site reaching out to SMEs is ARK @ KB where the crowd are similar as of AZ building, where the site is visible across the flyover leading to the Kaki Bukit industrial area.

Furama City Centre Hotel 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 also holds exclusive advertising sales rights for all media and event spaces at Galaxis situated at One-North 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.

Targeting shoppers around the Orchard shopping belt, 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 foresees the demand in reaching new suburban town thus went into partnership with Waterway Point for their façade LED screen as well as Marina Country Club. Both these property developments have retail and F&B that serves Punggol dwellers which has the highest concentration of young couples and highest proportion of children under 5 in Singapore.

To further solidify their position as the leading OOH media player, the Group has entered into partnership with the leading OOH media owners in Thailand. Their expansion into Singapore and our exclusive media representation with BL Falcon adds another five strategic locations which comprises of three LED screens namely at People's Park Centre, Sim Lim Tower and Fortune Centre and two static format at Enterprise One and Sim Lim Square. The LED screen at People's Park Centre is the first free form LED screen in Singapore known as "The Triple Horizon", which is made up of 3 separate LED strips measuring a total of 164sqm and strategically located at the busy cross junction of Upper Cross Street and Eu Tong Sen Street.

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/LED OOH sites under its OOH large format 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. To better elaborate the Company's business model in relation to the investments in the film projects, the Company would develop the film rights in form of script for shooting, but would not participate in the actual shooting or filming of the motion pictures, such is left to the collaborating partner. The Company's role was merely to develop the rights of the superhero characters and to participate as one of the production equity investors of the production costs. As disclosed in the Company's 2018 Annual Report and subsequent announcement(s), the Company recognised impairment loss on film deposits and rights in previous years due to various unforeseeable and uncontrollable events caused delay to the development plan of the above three films. Notwithstanding that, the Company will continue to explore the potential value attributing to the film business and will keep on trying to identify potential investors to develop the films as well as continuously review the business strategy of this segment. 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.

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 2019 included:

1. Sponsorship of Santa Run for Wishes (Singapore)
2. Sponsorship of Singapore National Day Parade (Singapore)
3. Sponsorship of Celebrate Recovery (Hong Kong)
4. Sponsorship of Food Angel by Bo Charity Foundation(Hong Kong)
5. Sponsorship of Hear Talk Foundation (Hong Kong)
6. Sponsorship of HK Breast Cancer Foundation (Hong Kong)
7. Sponsorship of Micro Forest Hong Kong (Hong Kong)
8. Sponsorship of SPCA Dogathon (Hong Kong)

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想自己有改變

上 Facebook 搜尋
"歡慶更新 Celebrate Recovery"

4. Sponsorship of Food Angel by Bo Charity Foundation (Hong Kong)

5. Sponsorship of Hear Talk Foundation (Hong Kong)

6. Sponsorship of HK Breast Cancer Foundation (Hong Kong)

7. Sponsorship of Micro Forest Hong Kong (Hong Kong)

8. Sponsorship of SPCA Dogathon (Hong Kong)

FINANCIAL REVIEW

	2019 **HK$**	*(Note 2)* 2018 *HK$*	*(Note 2)* 2017 *HK$*	*(Note 2)* 2016 *HK$*	*(Note 2)* 2015 *HK$*
Turnover	**92,039,627**	106,028,264	92,883,100	80,646,748	72,306,609
Gross profit	**55,980,341**	64,161,414	54,670,842	47,568,521	41,630,172
EBITDA *(Note 1)*	**(1,546,174)**	3,305,368	(8,382,423)	(10,031,487)	(6,656,831)
Net loss	**(17,260,109)**	(132,268,875)	(62,127,398)	(20,430,775)	(18,936,258)

Note 1:

EBITDA represents earnings before finance costs, income tax, depreciation of property, plant and equipment and right-of-use assets, share of profit/(loss) of an associate, impairment of interest in an associate, loss on disposal of a subsidiary, 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 period attributable to non-controlling interests. 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.

Note 2:

The above financial results for the years ended 31 December 2015, 2016, 2017 and 2018 included the provision of early childhood education business which was a discontinued operation for the year ended 31 December 2019.

The Group's revenue from continuing operations for the year ended 31 December 2019 was approximately HK$92.0 million, representing a decrease of approximately 11% over the previous year while the Group's revenue from discontinued operation for the year ended 31 December 2019 was approximately HK$0.3 million, representing a decrease of approximately 90% over the previous year.

The Group's gross profit from continuing operations for the year ended 31 December 2019 was approximately HK$56.0 million, representing a decrease of approximately 9% over the previous year while the Group's gross profit from discontinued operation for the year ended 31 December 2019 was approximately HK$0.3 million, representing a decrease of approximately 90% over the previous year. The Group's gross profit margin was maintained at approximately 61% in both years.

The Group's administrative expenses from continuing operations for the year ended 31 December 2019 was approximately HK$75.3 million, representing a decrease of approximately 25% over the previous year while the Group's administrative expenses from discontinued operation for the year ended 31 December 2019 was approximately HK$0.5 million, representing a decrease of approximately 85% over the previous year. The decrease in administrative expenses was mainly due to the cost saving in operating expenses such as staff costs and marketing expense.

The Group's negative EBITDA amounted to approximately HK$1.5 million for the year ended 31 December 2019 as compared to the Group's EBITDA amounted to approximately HK$3.3 million for the previous year.

The Group recorded a loss approximately HK$17.2 million for the year ended 31 December 2019 as compared to a loss of approximately HK$132.2 million for the previous year. The improvement in the financial results was due to the reduction in administrative expenses and no provision for impairment loss on film deposits and rights was made during the year as compared to last year.

Liquidity and financial resources

During the Financial Year, the Group financed its daily operations from internally generated resources. As at 31 December 2019, the Group had net current assets of approximately HK$219 million (2018: HK$245 million) and cash and cash equivalents of approximately HK$61 million (2018: HK$79 million).

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over Shareholders' fund, was 0.7% as at 31 December 2019 (2018: 7.5%).

Foreign exchange

For the year ended 31 December 2019, 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. The Group will monitor its foreign currency exposure closely. During the year ended 31 December 2019, 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 2019, the Company had 1,147,092,240 shares of HK$0.10 each in issue. The Directors will from time to time review the capital structure of the Company to facilitate potential fund raising opportunities in the future.

Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

Information on employees

As at 31 December 2019, the Group had 82 employees (2017: 89 employees), including the executive Directors (the "Executive Directors"). Total staff costs (including Directors' emoluments) were approximately HK$45 million for the Financial Year (2018: HK$53 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 approximately HK$7.1 million listed investments as at 31 December 2019 (2018: HK$4.5 million).

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

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. On 19 July 2019, the Group entered into a conditional sale and purchase agreement with an independent third party to dispose 80% equity interests in CSHL for a consideration of HK$10 million. CSHL was incorporated for applying the licence to carry out Type 9 (asset management) regulated activity under the SFO. The Company would update the status on the Disposal of CSHL to the Shareholders, if necessary.

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 2019, the Group did not have any charges on its assets (2018: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2019 (2018: Nil).

EXECUTIVE DIRECTORS

Mr. AN Xilei, aged 39, was appointed as an Executive Director on 1 December 2016. Currently, he is also the chairman of the Board, the chairman of both of the executive committee and the corporate governance committee, and an authorised representative (pursuant to Rule 5.24 of the GEM Listing Rules) of the Company. 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 55, 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 47, was appointed as an Executive Director on 27 November 2015. Currently, he is also an authorised representative (pursuant to Rule 5.24 of the GEM Listing Rules), the compliance officer (pursuant to Rule 5.19 of the GEM Listing Rules) and a member of the corporate governance committee of the Company. 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 South East Group Limited (now known as DIT Group Limited, a company listed on the Stock Exchange with stock code: 726) from December 2013 to February 2015.

Mr. WANG Jun, aged 52, was appointed as an Executive Director of the Company on 19 July 2016. He is presently a member of the executive committee of the Company. 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 56, was appointed an 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 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). 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 and was also 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) from 19 June 2018 to 29 February 2020. 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 47, was appointed as an Independent Non-executive Director on 27 November 2015. He is presently the chairman of each of the audit committee, the remuneration committee and the nomination committee of the Company. 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 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 executive director of Link-Asia International Co. Ltd. (stock code: 1143) from November 2015 to December 2019, an independent non-executive director of South East Group Limited (now known as 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 Jin Bao Bao Holdings Limited (now known as Teamway International Group Holdings Limited, stock code: 1239) from March 2015 to August 2017.

Ms. LAU Mei Ying, aged 37, was appointed as an Independent Non-executive Director on 27 November 2015. Currently, she is also a member of each of the audit committee, the nomination committee, the remuneration committee and the corporate governance committee of the Company. 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 REPORT

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 2019, 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 2019.

BOARD OF DIRECTORS

Composition and Responsibilities

The Board comprised the following directors during the year ended 31 December 2019 and up to the date of this report:

Executive Directors:
Mr. AN Xilei *(Chairman)*
Mr. WONG Hong Gay Patrick Jonathan *(CEO)*
Mr. MOCK Wai Yin
Mr. WANG Jun

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

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 13 to 15. 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 (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 (the "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 Code Provision 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 Code Provision 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 2019, the Board has convened five meetings (including four regular Board meetings but excluding the committee meetings and passing of resolutions in writing) 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 2019, the Company has held one general meeting (the annual general meeting for 2019). The individual attendance record of each Director at the meetings of the Board and general meeting is as follows:

	Number of Board meetings attended/held	Annual General Meeting 2019 attended/held
Executive Directors:		
Mr. AN Xilei	2/5	1/1
Mr. WONG Hong Gay Patrick Jonathan	5/5	1/1
Mr. MOCK Wai Yin	5/5	0/1
Mr. WANG Jun	4/5	1/1
Independent Non-executive Directors:		
Mr. CHAN Chi Keung Alan	5/5	1/1
Mr. LEE Chi Hwa Joshua	2/5	1/1
Ms. LAU Mei Ying	2/5	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 Code Provision 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 (including written resolutions) 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 Code Provision A.1.4 of the Corporate Governance Code.

In addition, a meeting between the Chairman and the Independent Non-executive Directors was held without the presence of other Directors in accordance with Code Provision A.2.7 of the Corporate Governance Code during the Financial Year.

The Company has arranged for appropriate liability insurance cover for its Directors in accordance with Code Provision 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, whereas 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 Code Provision 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.

Term of 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 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, subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the articles of association of the Company (the "Articles"). 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. Mock Wai Yin, Mr. Chan Chi Keung Alan and Mr. Lee Chi Hwa Joshua shall retire by rotation at the 2020 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.

According to the requirement of the Articles as regards retirement of directors by rotation as abovementioned, the Board considers the same purpose as a specific term of appointment can be achieved.

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 will be 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.

Under Code Provision A.6.5 of the Corporate Governance Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company 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, as well as updates on the Company's performance, position and prospects as and when appropriate to enable them to discharge their duties. Directors are also encouraged to attend relevant training courses at the Company's expense.

A summary of training taken by the Directors during the Financial Year is set out below:

	Training activities including in-house briefings/updates and/or training courses/seminars held by professional organisations and/or reading materials on relevant topics
Executive Directors:	
Mr. AN Xilei	✓
Mr. WONG Hong Gay Patrick Jonathan	✓
Mr. MOCK Wai Yin	✓
Mr. WANG Jun	✓
Independent Non-executive Directors:	
Mr. CHAN Chi Keung Alan	✓
Mr. LEE Chi Hwa Joshua	✓
Ms. LAU Mei Ying	✓

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company was established with written terms of reference in compliance with the relevant Code Provisions of the Corporate Governance Code 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 the attendance of each of its members is set out below:

Name of member	Number of meetings attended/held
Mr. LEE Chi Hwa Joshua *(Chairman)*	4/4
Mr. CHAN Chi Keung Alan	4/4
Ms. LAU Mei Ying	2/4

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 re-appointment of auditors.

Remuneration Committee

The Board established the Remuneration Committee with written terms of reference in compliance with the relevant Code Provisions of the Corporate Governance Code 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, among others, making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy and to review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objectives.

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

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

During the Financial Year, the Remuneration Committee has held one meeting and 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 Remuneration Committee during the Financial 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; and

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

Nomination Committee

The Board established the Nomination Committee with written terms of reference in compliance with the relevant Code Provisions of the Corporate Governance Code 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 2020 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, and will review the policy, as appropriate, to ensure its effectiveness. The Nomination Committee will discuss any revisions to the Board Diversity Policy that may be required and recommend any such revisions to the Board for consideration and approval.

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 them 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 for selection and appointment by the Board to fill causal vacancies or as additions to the Board.

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. The Nomination Policy sets out the selection criteria and procedures governing the nomination of Directors applicable to both new appointments and re-appointments. A summary of this policy is set out below. When assessing the suitability of individuals nominated for directorships (including a Director eligible for re-appointment), it will take into consideration selection criteria such as expertise, experience, diversity perspectives as set out in the Board Diversity Policy, integrity and commitment.

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 of the Corporate Governance Code 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)*
Mr. MOCK Wai Yin

Independent Non-executive Director:
Ms. LAU Mei Ying

Pursuant to Code Provision 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)*	1/1
Mr. MOCK Wai Yin	1/1
Ms. LAU Mei Ying	1/1

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)*
Mr. WANG Jun

During the Financial Year, the Executive Committee has dealt with matters generally relating to the day-to-day management of the Company in accordance with the delegated authority pursuant to the terms of reference of the Executive Committee by passing resolutions in writing.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

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

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for the Financial Statements

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

Auditor's Remuneration

During the Financial Year, the Company engaged Zenith CPA Limited ("Zenith") as the external auditors. The fee in respect of annual audit services provided by Zenith for the Financial Year amounted to approximately HK$1,150,000 (2018: HK$1,000,000). The fee in respect of non-audit services fees provided by Zenith for the Financial Year amounted to approximately HK$120,000 (2018: nil).

The reporting responsibilities of Zenith are set out in the Independent Auditors' Report on pages 52 to 144.

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

Mr. Mock Wai Yin assumed responsibility for acting as the compliance officer of the Company pursuant to Rule 5.19 of the GEM Listing Rules during the Financial Year and up to 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 2019.

CONSTITUTIONAL DOCUMENTS

During the Financial 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 2020 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 2020

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 business of the Group are principally engaged in (i) financial services; and (ii) provision of OOH advertising services during the year ended 31 December 2019

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 but not limited to (i) financial services; and (ii) provision of OOH advertising services.

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 16 to 28 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 2019.

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	31
	Greenhouse Gas Emission	32
A2. Use of Resources	Energy Consumption	33
	Water Consumption and use of Packaging materials	34
A3. The Environment and Natural Resources	Environmental Impact Management	35
B. Society		
B1. Employment	Employee Benefits and Equal Opportunities Policies	36
B2. Health and Safety	Occupational Health and Safety	36
B3. Development and Training	Staff Development and Training	37
B4. Labor Standards	Prevention of Child Labor or Forced Labor	37
B5. Supply Chain Management	Environmental and Social Risk Management of Supply Chain	38
B6. Product Responsibility	Quality and Safety of Products and Services	38
	Intellectual Property Management	39
	Social Moral Standards	39
B7. Anti-Corruption	Prevention of Corruption and Fraud	39
B8. Community Investment	Contributions to Society	40

During the year ended 31 December 2019, 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; (ii) provision of OOH advertising services, and (iii) film development, production and distribution, 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 2019, 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 2019, the consumption volume generated by the Group is shown as below:

Non-hazardous waste category	Quantity	Unit	Intensity — Unit per employee
Paper	0.3	Tonnes	0.004
Toner cartridge	10.9	Pieces	0.135

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 2019, the Group's total GHG emissions amounted to approximately 54.0 tonnes and the total GHG emission per employee was 0.67 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	11.3	0.14
Indirect GHG emission (Scope 2) — electricity consumption	41.1	0.51
Other indirect GHG emission (Scope 3) — paper and water consumption	1.6	0.02
Total GHG emission	54.0	0.67

The Group has implemented a number of measures to mitigate energy consumption such as turning off the lighting and 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 2019, 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 2019, the Group's consumption in petrol and electricity were:

Energy Type	Quantity	Unit	Intensity — Unit per employee
Petrol	4,183	litre	51.64
Electricity	59,086	kWh	729.46

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 2019, 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 2019, 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 2019, 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 2019, 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 2019, the Group has complied with the legislative requirements in 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 2019, 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 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 2019, 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 2019, 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 2019, 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 2019, the Group was not aware of any non-compliance with relevant laws and regulations related to anti-corruption.

B8. Community Investment

General disclosure

Contributions to Society

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

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

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

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

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in Note 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 2019 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 2019 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 4 to 13 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 Financial 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" section 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 38 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 2019 are set out in the Consolidated Financial Statements on pages 57 to 58.

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 (2018: 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 3. This summary does not form part of the Consolidated Financial Statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the Financial 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 Financial Year are set out in the consolidated statement of changes in equity and in Note 39 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2019, 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$116,482,000 (2018: HK$139,016,000).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 24% of the total sales for the Financial Year and sales to the largest customer included therein amounted to approximately 7%. Purchases from the Group's five largest suppliers accounted for approximately 36% of the total purchases for the Financial Year and purchases from the largest supplier included therein amounted to approximately 21%.

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 14 to the Consolidated Financial Statements.

BORROWING

As at 31 December 2019, the Group did not have any charges on its assets (2018: Nil).

DIRECTORS

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

Executive Directors:
Mr. AN Xilei *(Chairman)*
Mr. WONG Hong Gay Patrick Jonathan *(CEO)*
Mr. MOCK Wai Yin
Mr. WANG Jun

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

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. Mock Wai Yin, Mr. Chan Chi Keung Alan and Mr. Lee Chi Hwa Joshua shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election pursuant to Article 84 of the Articles.

No Director proposed for re-election at the forthcoming annual general meeting 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, subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the Articles. 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 2019 were as below pursuant to Rule 17.50A(1) of the GEM Listing Rules:

Mr. Lee Chi Hwa Joshua, an Independent Non-executive Director, ceased to be an executive director of Link-Asia International (Holdings) Limited (Stock Code: 1143) with effect from 17 December 2019.

Mr. Chan Chi Keung Alan, an Independent Non-executive Director, resigned as an independent non-executive director of BOSA Technology Holdings Limited (Stock Code: 8140) with effect from 1 March 2020.

Notwithstanding any provisions in their service contract or letter of appointment with the Company, all Independent Non-executive Directors have agreed to adjust their monthly director's fee from HK$20,000 to HK$10,000 with effect from 1 March 2020.

DIRECTORS' BIOGRAPHY

The biographical details of the Directors are disclosed in the section headed "Directors' Profile" on pages 13 to 15 of this annual report. The Executive Directors are regarded as members of the Group's senior management.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration committee of the Company is responsible for making recommendations to the Board on the Company's emolument policy as and when necessary. Directors' emoluments are determined by the Board with reference to factors including director's duties and responsibilities, the Company's remuneration policy and the prevailing market rate.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Notes 9 and 10 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 2019, the Company did not enter into or have any management and administrative contracts in respect of the whole or any principal business of the Company.

CONNECTED TRANSACTIONS

During the Financial Year, the Company had not entered into any connected transaction (including continuing connected transaction) which is subject to the disclosure requirements under the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group during the Financial Year are disclosed in Note 35 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 or continuing 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 2019, 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. During the Financial Year, 428,141 options were lapsed or cancelled, no options were granted or exercised under the Pre-IPO Share Option Scheme. As at 31 December 2019, there were outstanding and unexercised options under the Pre-IPO Share Option Scheme which entitled holders thereof to subscribe for 513,769 shares of the Company.

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 2019, 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. During the Financial Year, 85,627 options were lapsed or cancelled, no options were granted or exercised under the Share Option Scheme. As at 31 December 2019, there were outstanding and unexercised options under the Share Option Scheme which entitled holders thereof to subscribe for 376,968 shares of the Company.

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:

Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of share options: Outstanding at 1 January 2019	Granted during the Year	Exercised during the Year	Cancelled Lapsed during the Year	Outstanding at 31 December 2019	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 2019
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	–	–	85,627	205,714	0.72	0.023%
	30 Jun 2011	Note 2	28 Jul 2011 to 27 Jul 2021	HK$2.758	941,910	–	–	428,141	513,769	N/A	0.04%
Total					1,404,505	–	–	513,768	890,737		

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 2019.

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 2019, 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 "Shares"), 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 2019.

Save as disclosed above, as at 31 December 2019, 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 2019, 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 Share

Name of Shareholders	Nature of interest	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 2019.

Save as disclosed above, as at 31 December 2019, 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 16 to 28 in this annual report.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from 29 May 2020 (Friday) to 3 June 2020 (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 to be held on 3 June 2020 (Wednesday), 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 28 May 2020 (Thursday).

AUDITOR

The Company's financial statements for the year ended 31 December 2017 were audited by PricewaterhouseCoopers.

PricewaterhouseCoopers has resigned as the auditor of the Company with effect from 12 December 2018. PricewaterhouseCoopers informing the Company that they have taken into consideration of many factors, including the level of audit fees, the availability of internal resources and the professional risks related to the audit, to come to the conclusion to resign, and Zenith CPA Limited has been appointed by the Directors as the new auditor of the Company with effect from 12 December 2018 to fill the casual vacancy following the resignation of PricewaterhouseCoopers.

The Company's financial statements for the years ended 31 December 2018 and 2019 were audited by Zenith CPA Limited.

A resolution for reappointment of Zenith CPA Limited as auditor of the Company will be proposed at the forthcoming AGM.

By order of the Board
Cornerstone Financial Holdings Limited

An Xilei
Chairman and Executive Director

Hong Kong, 26 March 2020

INDEPENDENT AUDITOR'S REPORT

ZENITH 誠宇

ASSURANCE I TRANSACTIONS I ADVISORY

To the shareholders of Cornerstone Financial Holdings Limited
(Incorporated in the 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 57 to 144, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, 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 matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessesment of margin loans receivable	
The Group had margin loans receivable of HK$162,189,933 and accounted for 51% of the Group's total assets as at 31 December 2019. 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. The assessesment of impairment of the margin loans receivable was considered to be a matter of most significance as it required the application of judgement and use of subjective assumptions by management. HKFRS 9 requires the use of the "expected credit loss" ("ECL") model for the measurement of impairment allowances of financial assets. In measuring ECL of margin loans receivable under HFKRS 9, management need to apply judgement, make necessary assumptions and select estimation techniques in aspects such as determining whether there are significant increase in credit risk, determining the parameters and the forward-looking adjustments. The accounting policies, disclosures of the allowance for impairment of margin loans receivable and the related credit risk are included in notes 2.4, 19 and 38 to the consolidated financial statements.	Our audit procedures in relation to management's assessment on the impairment 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; — Assessing the reasonableness of the ECL model methodology and related parameters including probability of default, loss given default, exposure at default, and siginificant increase in credit risk; — 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; — 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; and — Assessing the reasonableness of management's consideration of forward looking adjustment information when determining ECL. We found management's impairment assessment of margin loans receivable to be supported by available evidence.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises 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 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	2019 HK$	2018 HK$
CONTINUING OPERATIONS			
REVENUE	5	**92,039,627**	103,034,362
Cost of sales		**(36,059,286)**	(41,776,664)
Gross profit		**55,980,341**	61,257,698
Other income and gains, net	5	**7,347,369**	10,131,063
Administrative expenses		**(75,327,461)**	(100,374,809)
Loss on disposal of a subsidiary	32	**(1,351,373)**	–
Provision for impairment loss on film deposits and rights	18	**–**	(102,074,882)
Finance costs	7	**(2,287,414)**	(2,060)
Share of loss of an associate		**(40,036)**	(17,398)
LOSS BEFORE TAX	8	**(15,678,574)**	(131,080,388)
Income tax expenses	11	**(1,393,034)**	(1,028,755)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(17,071,608)**	(132,109,143)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	6	**(188,501)**	(159,732)
LOSS FOR THE YEAR		**(17,260,109)**	(132,268,875)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**237,761**	(187,546)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(17,022,348)**	(132,456,421)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		**(18,107,764)**	(107,933,612)
Non-controlling interests		**847,655**	(24,335,263)
		(17,260,109)	(132,268,875)

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

Year ended 31 December 2019

	Notes	2019 HK$	2018 HK$
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		**(17,870,044)**	(108,120,324)
Non-controlling interests		**847,696**	(24,336,097)
		(17,022,348)	(132,456,421)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*13*		
Basic and diluted		***HK cents***	*HK cents*
– For loss for the year		**(1.58)**	(9.41)
– For loss for the year from continuing operations		**(1.57)**	(9.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HK$	2018 HK$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	**6,163,388**	8,063,741
Right-of-use assets	15(a)	**36,575,009**	–
Goodwill	16	**2,780,482**	2,780,482
Intangible assets	17	**–**	35,750
Film deposits and rights	18	**–**	–
Deposits, prepayments and other receivables	20	**1,728,686**	2,799,873
Interest in an associate	21	**87,673**	127,709
Pledged bank deposits	22	**359,882**	357,398
Total non-current assets		**47,695,120**	14,164,953
CURRENT ASSETS			
Margin loans receivable	19	**162,189,933**	165,003,073
Trade and other receivables	20	**33,605,921**	44,727,619
Equity investments at fair value through profit or loss	23	**7,069,920**	4,506,020
Pledged bank deposits	22	**–**	575,000
Cash held on behalf of brokerage clients	24	**8,937,966**	11,346,943
Cash and cash equivalents	22	**60,901,172**	79,281,959
Total current assets		**272,704,912**	305,440,614
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	25	**21,479,757**	43,844,819
Accounts payable to brokerage clients	26	**14,184,860**	11,346,280
Lease liabilities	15(b)	**14,691,868**	–
Deferred revenue		**1,280,810**	3,719,413
Income tax payable		**2,434,913**	1,041,619
Total current liabilities		**54,072,208**	59,952,131
NET CURRENT ASSETS		**218,632,704**	245,488,483
TOTAL ASSETS LESS CURRENT LIABILITIES		**266,327,824**	259,653,436

31 December 2019

	Notes	2019 HK$	2018 HK$
NON-CURRENT LIABILITIES			
Lease liabilities	15(b)	**22,097,942**	–
Total non-current liabilities		**22,097,942**	–
Net assets		**244,229,882**	259,653,436
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	**114,709,224**	114,709,224
Other reserves		**111,312,105**	129,182,149
		226,021,329	243,891,373
Non-controlling interests		**18,208,553**	15,762,063
Total equity		**244,229,882**	259,653,436

Wong Hong Gay Patrick Jonathan
Director

An Xilei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	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 2018	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 loss for the year:									
Exchange difference related to foreign operations	–	–	–	(186,712)	–	–	(186,712)	(834)	(187,546)
Total comprehensive loss for the year	–	–	–	(186,712)	–	(107,933,612)	(108,120,324)	(24,336,097)	(132,456,421)
Capital contribution from Non-controlling interests	–	–	–	–	–	–	–	64,277	64,277
Change in ownership interests in subsidiaries without a change of control *(note)*	–	–	–	–	–	(4,105,070)	(4,105,070)	(20,894,930)	(25,000,000)
At 31 December 2018 and 1 January 2019	**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**
(Loss)/profit for the year	**–**	**–**	**–**	**–**	**–**	**(18,107,764)**	**(18,107,764)**	**847,655**	**(17,260,109)**
Other comprehensive income/(loss) for the year:									
Exchange difference related to foreign operations	**–**	**–**	**–**	**237,720**	**–**	**–**	**237,720**	**41**	**237,761**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**237,720**	**–**	**(18,107,764)**	**(17,870,044)**	**847,696**	**(17,022,348)**
Disposal of a subsidiary (note 32)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,598,794**	**1,598,794**
At 31 December 2019	**114,709,224**	**552,932,232***	**(176,467,450)***	**(1,275,243)***	**2,020,536***	**(265,897,970)***	**226,021,329**	**18,208,553**	**244,229,882**

* These reserves accounts comprise the consolidated reserves of HK$111,312,105 (2018: HK$129,182,149) in the consolidated statement of financial position.

Note:

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 HK$	2018 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax			
From continuing operations		**(15,678,574)**	(131,080,388)
From a discontinued operation	6	**(188,501)**	(159,732)
Adjustments for:			
Depreciation of property, plant and equipment		**4,029,841**	5,139,838
Depreciation of right-of-use assets	15(a)	**10,847,383**	–
Amortisation	8	**35,750**	264,813
Loss on disposal of a subsidiary	32	**1,351,373**	–
Share of loss of an associate	21	**40,036**	17,398
Gain on disposal of property, plant and equipment	5	**(335,000)**	(334,503)
Gain on disposal of equity investments at fair value through profit or loss	5	**(244,761)**	–
Fair value (gain)/loss of equity investments at fair value through profit or loss	5	**(3,432,000)**	3,178,294
Impairment of other receivables	8	**100,000**	–
Reversal of impairment loss of trade receivables	5	**(333,006)**	(132,560)
Impairment of films deposits and rights	18	**–**	102,074,882
Dividend income	5	**(6,109)**	(24,575)
Interest income		**(1,528,233)**	(1,252,440)
Finance costs		**2,296,172**	2,060
		(3,045,629)	(22,306,913)
Decrease in inventories		**–**	1,645,868
Decrease/(increase) in trade and other receivables		**13,634,675**	(12,163,416)
Decrease/(increase) in margin loans receivable		**2,813,141**	(12,981,052)
Decrease/(increase) in cash held on behalf of brokerage clients		**2,408,977**	(6,037,609)
(Decrease)/increase in trade and other payables		**(23,636,409)**	4,272,309
Increase in accounts payable to brokerage clients		**2,838,580**	6,036,975
Decrease in deferred revenue		**(2,306,411)**	(185,820)
Cash used in operations		**(7,293,076)**	(41,719,658)
Interest paid		**(16,000)**	–
Income tax paid		**–**	(37,586)
Net cash flows used in operating activities		**(7,309,076)**	(41,757,244)

Year ended 31 December 2019

	Notes	**2019** *HK$*	2018 *HK$*
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of a subsidiary	*32*	**(9)**	–
Purchases of items of property, plant and equipment	*14*	**(2,119,360)**	(3,813,192)
Proceeds from disposal of items of property, plant and equipment		**335,000**	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		**1,112,861**	3,294,196
Interest received		**288,808**	50,454
Pledged deposit		**575,000**	(36,143)
Dividend received from listed investments		**6,109**	24,575
Net cash flows from/(used in) investing activities		**198,409**	(8,078,620)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	*15(c)*	**(11,523,881)**	–
Loan advanced from a director		**16,000**	1,600,000
Acquisition of non-controlling interests		**–**	(7,000,000)
Net cash flows used in financing activities		**(11,507,881)**	(5,400,000)
Net decrease in cash and cash equivalents		**(18,618,548)**	(55,235,864)
Cash and cash equivalents at beginning of year		**79,281,959**	134,737,011
Effect of foreign exchange rate changes, net		**237,761**	(219,188)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**60,901,172**	79,281,959
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**61,261,054**	80,214,357
Less: Pledged bank deposits		**(359,882)**	(932,398)
Cash and cash equivalents as stated in the statement of cash flows		**60,901,172**	79,281,959

1 CORPORATE AND GROUP INFORMATION

Cornerstone Financial Holdings Limited (the "Company") 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. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Group was involved in the following principal activities (i) financial services including securities dealings and brokerage services and margin financing services, (ii) provision of advertising and media services, (iii) film development, production and distribution, (iv) retail of skin care products (ceased business during the year) and (v) provision of early childhood education (disposed during the year).

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	10,780,000 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 Executive Limited	Hong Kong, limited liability company	Provision of out-of-home advertising services in Hong Kong	10,000 ordinary shares of HK$1 each	–	100
Babysteps Limited[1]	Hong Kong, limited liability company	Provision of early childhood education in Hong Kong	100 ordinary shares of HK$1 each	N/A	N/A
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

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 (%)
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 business	1 ordinary shares of HK$1 each	–	100
Cornerstone Securities Limited	Hong Kong, limited liability company	Securities brokerage business in Hong Kong	261,000,000 ordinary shares 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

[1] During the year, The Group disposed Babysteps Limited to an independent third party of the Company. Further details of the disposal are included in notes 6 and 32 to the consolidated financial statements.

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 referred to as the "Group") for the year ended 31 December 2019. 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 POLICY 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 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The amendment that are more relevant to the Group are described below, other amendments do not have any significant impact on the Group's financial statements.

(a) 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 account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

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

(a) *(Continued)*

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land and buildings and outdoor billboard spaces. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

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

(a) *(Continued)*

Impact on transition (Continued)

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	Increase *HK$*
Assets	
Increase in right-of-use assets	13,839,907
Increase in total assets	13,839,907
Liabilities	
Increase in lease liabilities	13,839,907
Increase in total liabilities	13,839,907

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK$
Operating lease commitments as at 31 December 2018	22,723,173
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(8,100,726)
	14,622,447
Weighted average incremental borrowing rate as at 1 January 2019	5.18%
Discounted operating lease commitments as at 1 January 2019	13,839,907
Lease liabilities as at 1 January 2019	13,839,907

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

(b) 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 an investment in the associate or joint venture. The Group assessed its business model for its long-term interest in an associate upon adoption of the amendments on 1 January 2019 and concluded that the long-term interest in an associate continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) 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 did not have any significant impact on the financial position or performance of the Group.

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*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 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. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. The Group has not adopted the amendment yet.

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.

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 profit or loss and other 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 an associate, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in an associate *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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.

Fair value measurement

The Group measures its 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 (other than deferred tax assets and financial assets), 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 (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land and buildings	Over the lease terms
Outdoor billboard spaces	Over the lease terms

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in– substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases (applicable from 1 January 2019) *(Continued)*

Group as a lessee *(Continued)*

(b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Leases (applicable before 1 January 2019)

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

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" 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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

Financial assets at amortised cost (debt instruments)
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 profit or loss
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.

Derecognition of financial asset

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

The Group recognises an allowance for expected credit losses ("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 90 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 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 *(Continued)*

Simplified approach

For trade 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 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.

Financial liabilities

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 and accounts payable to brokerage clients.

Subsequent measurement

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

Financial liabilities at amortised cost (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.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, and 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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.

When the contract contains a financing component which provides the customer with 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 over the scheduled period on a straight line basis over the broadcast period.

(c) Brokerage commission income is recognised at the point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed. Fee income is recognised when the transaction is executed and service is completed, except for custodian service fee which is recognised over time. Revenue for placing and underwriting is recognised when the relevant placing or underwriting activities are completed. Accordingly, the revenue is recognised at a point in time.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other income

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.

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.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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 be 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.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affects the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainly about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. In the process of applying the Group's accounting policies, management has made the following judgements and estimations, which have the most significant effect on the amounts recognised in the financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(a) Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether or not to exercise the option to renew the lease. That is, considers all relevant factors that create an economic incentive for it to exercise either the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

(b) 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 to the consolidated financial statements. For the year ended 31 December 2018, such assessment was 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 were 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. Further details are set out in note 18 to the consolidated financial statements.

(c) 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 2019 was HK$2,780,482 (2018: HK$2,780,482). Further details are given in note 16 to the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(d) Impairment assessment of margin loans receivables

The Group calculates the ECLs of receivables from margin clients and cash clients by estimating the probability of decline in expected future collateral prices, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. Further details are set out in note 19 to the consolidated financial statements.

(e) Provision for expected credit losses of trade receivables

The Group uses a provision of matrix to calculate ECLs for trade 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 receivables, customers' repayment history, 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 receivables are disclosed in notes 20 to the consolidated financial statements. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

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

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use 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.

(g) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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.

Management regularly reviews the operating results from a perspective of different activities and assesses the performance of the following five operating segments:

– Advertising and media

– Financial services, mainly include securities dealings and brokerage business and margin financing business

– Film development, production and distribution

– Retail of skin care products (ceased business during the year)

– Provision of early childhood education services (disposed during the year)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's loss before tax from continuing operations except that other income and gains, net, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4 OPERATING SEGMENT INFORMATION *(Continued)*

The segment information provided to the CODM for the reportable segments for year ended 31 December 2019 and 2018 is as follows:

	Continuing operations					Discontinued operation
	Advertising and media *HK$*	Retail of skin care products *HK$*	Film development, production and distribution *HK$*	Financial services *HK$*	Total *HK$*	Provision of early childhood education services *HK$*
Year ended 31 December 2019						
Segment revenue	77,613,055	–	–	14,426,572	92,039,627	287,551
Segment results	34,364,760	(48,914)	–	12,835,168	47,151,014	102,725
Segment assets	72,723,673	298,052	2,216,932	228,866,737	304,105,394	–
Corporate and other unallocated assets					16,294,638	–
Total assets					320,400,032	–
Segment liabilities	44,649,634	1,503	4,054,803	18,798,696	67,504,636	–
Corporate and other unallocated assets					8,665,514	–
Total liabilities					76,170,150	–
Other segment information						
Loss on disposal of a subsidiary	(1,351,373)	–	–	–	(1,351,373)	–
Share of loss of an associate	(40,036)	–	–	–	(40,036)	–
Reversal of impairment of trade receivables	333,066	–	–	–	333,066	–
Depreciation of property, plant and equipment	(2,879,716)	(48,914)	–	(587,060)	(3,515,690)	(1,002)
Depreciation of right-of-use assets	(6,766,014)	–	–	(1,004,344)	(7,770,358)	(176,086)
Amortisation	(35,750)	–	–	–	(35,750)	–
Capital expenditure *	2,107,120	–	–	12,240	2,119,360	–

4 OPERATING SEGMENT INFORMATION *(Continued)*

	Continuing operations					Discontinued operation
	Advertising and media	Retail of skin care products	Film development, production and distribution	Financial services	Total	Provision of early childhood education services
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Year ended 31 December 2018						
Segment revenue	81,547,214	6,550,719	–	14,936,429	103,034,362	2,993,902
Segment results	40,053,719	1,905,329	(102,074,882)	14,377,779	(45,738,055)	2,883,910
Segment assets	51,996,488	3,657,715	2,376,554	235,822,201	293,852,958	2,893,210
Corporate and other unallocated assets					22,859,398	–
Total assets					316,712,356	2,893,210
Segment liabilities	18,617,992	243,053	4,057,692	32,860,831	55,779,568	413,503
Corporate and other unallocated assets					3,759,060	–
Total liabilities					59,538,628	413,503
Other segment information						
Impairment loss on films 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 of property, plant and equipment	(4,080,010)	–	–	(558,650)	(4,638,660)	(19,806)
Amortisation	(264,813)	–	–	–	(264,813)	–
Capital expenditure *	2,869,546	–	–	168,180	3,037,726	–

* *Capital expenditure consists 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:

	2019		2018	
	Continuing operations	**Discontinued operation**	Continuing operations	Discontinued operation
	HK$	***HK$***	*HK$*	*HK$*
Segment results	**47,151,014**	**102,725**	(45,738,055)	2,883,910
Other income and gains, net	**7,347,369**	**8**	10,131,063	10,512
Head office and corporate expenses	**(67,889,543)**	**(282,475)**	(95,471,336)	(3,054,154)
Finance costs	**(2,287,414)**	**(8,759)**	(2,060)	–
Loss before income tax	**(15,678,574)**	**(188,501)**	(131,080,388)	(159,732)

Geographical information

(a) Revenue from external customers

	2019			2018		
	Segment revenue	**Intersegment sales**	**Sales to external customers**	Segment revenue	Intersegment sales	Sales to external customers
	HK$	***HK$***	***HK$***	*HK$*	*HK$*	*HK$*
Hong Kong	**44,370,073**	**(674,639)**	**43,695,434**	55,487,671	(210,912)	55,276,759
Singapore	**57,239,761**	**(8,895,568)**	**48,344,193**	55,712,999	(7,955,396)	47,757,603
	101,609,834	**(9,570,207)**	**92,039,627**	111,200,670	(8,166,308)	103,034,362

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

4 OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	2019 **HK$**	2018 HK$
Hong Kong	**35,773,885**	11,312,735
Singapore	**11,921,235**	2,852,218
	47,695,120	14,164,953

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 2019 and 2018.

5 REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue from continuing operations is as follows:

	2019 **HK$**	2018 HK$
Revenue from contract with customers	**78,232,682**	89,313,727
Revenue from other sources		
Interest income from margin financing	**13,806,945**	13,720,635
	92,039,627	103,034,362

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

Revenue from contract with customers

(i) Disaggregated revenue information from continuing operations

For the year ended 31 December 2019

Segments	Advertising and media *HK$*	Financial services *HK$*	Total *HK$*
Types of goods or services			
Advertising and media services:			
– direct sales channel	**33,441,537**	**–**	**33,441,537**
– agency sales channel	**44,171,519**	**–**	**44,171,519**
Commission and fee income on securities dealing and broking	**–**	**619,626**	**619,626**
Total revenue from contracts with customers	**77,613,056**	**619,626**	**78,232,682**
Geographical markets			
Hong Kong	**29,268,862**	**619,626**	**29,888,488**
Singapore	**48,344,194**	**–**	**48,344,194**
Total revenue from contracts with customers	**77,613,056**	**619,626**	**78,232,682**
Timing of revenue recognition			
Services transferred at a point of time	**–**	**619,626**	**619,626**
Services transferred over time	**77,613,056**	**–**	**77,613,056**
Total revenue from contracts with customers	**77,613,056**	**619,626**	**78,232,682**

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

Revenue from contract with customers *(Continued)*

(i) Disaggregated revenue information from continuing operations *(Continued)*

For the year ended 31 December 2018

Segments	Advertising and media *HK$*	Financial services *HK$*	Retail of skin care products *HK$*	Total *HK$*
Types of goods or services				
Advertising and media services:				
– direct sales channel	36,349,446	–	–	36,349,446
– agency sales channel	45,197,768	–	–	45,197,768
Commission and fee income on securities dealing and broking	–	903,794	–	903,794
Commission and fee income on underwriting	–	312,000	–	312,000
Sales of skin care products	–	–	6,550,719	6,550,719
Total revenue from contracts with customers	81,547,214	1,215,794	6,550,719	89,313,727
Geographical markets				
Hong Kong	40,340,330	1,215,794	–	41,556,124
Singapore	41,206,884	–	6,550,719	47,757,603
Total revenue from contracts with customers	81,547,214	1,215,794	6,550,719	89,313,727
Timing of revenue recognition				
Services or goods transferred at a point of time	–	1,215,794	6,550,719	7,766,513
Services transferred over time	81,547,214	–	–	81,547,214
Total revenue from contracts with customers	81,547,214	1,215,794	6,550,719	89,313,727

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

Revenue from contract with customers *(Continued)*

(i) Disaggregated revenue information from continuing operations *(Continued)*

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

For the year ended 31 December 2019

Segments	Advertising and media HK$	Financial services HK$	Total HK$
Revenue from contracts with customers			
External customers	**77,613,056**	**619,626**	**78,232,682**
Intersegment sales	**9,570,207**	**–**	**9,570,207**
	87,183,263	**619,626**	**87,802,889**
Intersegment adjustments and eliminations	**(9,570,207)**	**–**	**(9,570,207)**
Total revenue from contracts with customers	**77,613,056**	**619,626**	**78,232,682**

For the year ended 31 December 2018

Segments	Advertising and media HK$	Financial services HK$	Retail of skin care products HK$	Total HK$
Revenue from contracts with customers				
External customers	81,547,214	1,215,794	6,550,719	89,313,727
Intersegment sales	8,166,308	–	–	8,166,308
	89,713,522	1,215,794	6,550,719	97,480,035
Intersegment adjustments and eliminations	(8,166,308)	–	–	(8,166,308)
Total revenue from contracts with customers	81,547,214	1,215,794	6,550,719	89,313,727

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

Revenue from contract with customers *(Continued)*

(i) Disaggregated revenue information *(Continued)*

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:

31 December 2019

	Continuing operations	Discontinued operation	
Segments	**Advertising and media** *HK$*	**Provision of early childhood education services** *HK$*	**Total** *HK$*
Balance at 1 January 2019	**1,827,671**	**255,705**	**2,083,376**
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	**(1,385,513)**	**(255,705)**	**(1,641,218)**
Balance at 31 December 2019	**442,158**	**–**	**442,158**

31 December 2018

	Continuing operations	Discontinued operation	
Segments	Advertising and media *HK$*	Provision of early childhood education services *HK$*	Total *HK$*
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 contract with customers *(Continued)*

(ii) Performance obligations

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

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.

Commission income
Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trade executed and payment is generally due two days after trade date.

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.

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

Other income and gains, net

	2019	2018
	HK$	*HK$*
Foreign exchange difference, net	**–**	(8,471)
Government grants	**114,841**	661,943
Dividend income from listed investments	**6,109**	24,575
Bank interest income	**1,528,224**	1,252,428
Production income	**372,286**	233,037
Services fee income	**465,450**	9,450,020
Gain on disposal of items of property, plant and equipment	**335,000**	334,503
Realised gains on derecognition of financial assets at fair value through profit or loss	**244,761**	–
Fair value gain/(loss) on financial assets at fair value through profit or loss	**3,432,000**	(3,178,294)
Reversal of impairment loss of trade receivables	**333,066**	132,560
Sundry income	**515,632**	1,228,762
	7,347,369	10,131,063

6 DISCONTINUED OPERATION

On 4 March 2019, the Group sold its entire equity interest (i.e. 70% of equity interest) in Babysteps Limited ("Babysteps") to an independent third party at a consideration of HK$1 as this investment no longer coincided with the Group's investment strategy. Babysteps engaged in provision of early childhood education services. The disposal of Babysteps was completed on 4 March 2019 and the results of Babysteps are presented in these consolidated financial statements as the discontinued operation.

The results of Babysteps for the year are presented below:

	2019 ***HK$***	2018 *HK$*
Revenue	**287,551**	2,993,902
Cost of sales	**(7,738)**	(90,186)
Gross profit	**279,813**	2,903,716
Other income	**9**	10,512
Administrative expenses	**(459,565)**	(3,073,960)
Interest on lease liabilities	**(8,758)**	–
Loss before tax	**(188,501)**	(159,732)
Income tax expenses	**–**	–
Loss for the year from the discontinued operation	**(188,501)**	(159,732)

6 DISCONTINUED OPERATION *(Continued)*

The net cash flows incurred by Babysteps are as follows:

	2019	2018
	HK$	*HK$*
Operating activities	**(222,474)**	907,369
Investing activities	**8**	12
Financing activities	**(2,351,993)**	–
Net cash (outflow)/inflow	**(2,574,459)**	907,381

Calculation of the basic and diluted loss per share from the discontinued operation are based on:

	2019	2018
Loss per share:		
Basic and diluted, from the discontinued operation	**(HK0.01 cents)**	(HK0.01 cents)
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**(HK$131,951)**	(HK$111,812)
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation *(note 13)*	**1,147,092,240**	1,147,092,240

7 FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2019 *HK$*	2018 *HK$*
Interest on other borrowings	**1,411,169**	2,060
Interest on lease liabilities	**876,245**	–
	2,287,414	2,060

8 LOSS BEFORE TAX

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

	Notes	2019 *HK$*	2018 *HK$*
Cost of services provided		**19,628,070**	19,931,791
Cost of inventories sold		**–**	4,500,427
Auditor's remuneration			
– Current		**1,150,000**	1,000,000
– Underprovision		**231,820**	–
Depreciation of property, plant and equipment		**4,028,839**	5,120,032
Depreciation of right-of-use assets	*15(c)*	**10,671,297**	–
Amortisation of other intangible assets*	*17*	**35,750**	264,813
Impairment of other receivables*		**100,000**	–
Minimum lease payments under operating leases		**–**	30,957,750
Lease payment not included in the measurement of lease liabilities	*15(c)*	**11,631,512**	–
Employee benefit expenses (excluding director's remuneration *(note 9)*):			
Salaries, wages and allowance		**36,343,069**	39,998,012
Pension scheme contribution		**2,581,070**	2,660,584
Other post-employment benefits		**1,016,535**	2,515,700
Total employee benefit expenses		**39,940,674**	45,174,296
Foreign exchange difference, net		**4,493**	8,471

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

9 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$*
2019					
Executive Directors					
An Xilei	–	600,000	–	18,000	618,000
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	–	12,000	252,000
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	3,270,000	768,000	48,000	4,806,000

9 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				
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

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.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2018: Nil).

10 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year include one (2018: two) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2018: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 *HK$*	2018 *HK$*
Salaries, wages and allowances	**9,177,452**	4,977,376
Pension costs – defined contribution plans	**72,000**	46,500
	9,249,452	5,023,876

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

	Number of individuals	
	2019	2018
HK$1,500,001 – HK$2,000,000	**2**	3
HK$2,000,001 – HK$2,500,000	**1**	–
HK$2,500,001 – HK$3,000,000	**1**	–
	4	3

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 (2018: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Singapore profits tax have been provided at the rate of 17% (2018: 17%) on the estimated assessable profits during the year.

11 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

	2019	2018
	HK$	*HK$*
Current tax		
– Hong Kong	**1,431,097**	1,004,284
– PRC	**–**	24,471
– Singapore	**–**	–
Overprovision in prior years		
– Hong Kong	**(38,063)**	–
Total tax charged for the year	**1,393,034**	1,028,755

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:

	2019	2018
	HK$	*HK$*
Loss before income tax from continuing operations	**(15,678,574)**	(131,080,388)
Loss before income tax from discontinued operation	**(188,501)**	(159,732)
Loss before income tax	**(15,867,075)**	(131,240,120)
At the statutory tax rate of 16.5%	**(2,618,067)**	(21,654,620)
Difference in tax rates of subsidiaries operating in other jurisdictions	**(30,311)**	15,554
Tax concession	**(165,000)**	(165,000)
Income not subject to tax	**(2,364,342)**	(245,746)
Expenses not deductible for tax	**2,666,255**	22,369,644
Adjustments in respect of current tax of previous periods	**(38,063)**	–
Tax losses utilised from previous periods	**(243,689)**	(1,957,262)
Tax losses not recognised	**4,186,251**	2,666,185
Tax charge from continuing operations	**1,393,034**	1,028,755
Tax charge from discontinued operation	**–**	–
Tax charge	**1,393,034**	1,028,755

12 DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2019 nor has any dividend been proposed since the end of the reporting period (2018 Nil).

13 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 2019 of HK$18,107,764 (2018: loss of HK$107,933,612) and on the weighted average number of 1,147,092,240 (2018: 1,147,092,240) of ordinary shares in issue during the year.

	2019 ***HK$***	2018 *HK$*
Loss:		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
– from continuing operations	**(17,975,813)**	(107,821,800)
– from discontinued operation	**(131,951)**	(111,812)
Loss attributable to ordinary equity holders of the parent	**(18,107,764)**	(107,933,612)

	2019	2018
Number of shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation	**1,147,092,240**	1,147,092,240

(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 2019 and 2018 have no dilutive effect.

14 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 2019						
At 1 January 2019						
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**
At 1 January 2019, net of accumulated depreciation	**3,808,110**	**156,987**	**1,201,028**	**1,589,823**	**1,307,793**	**8,063,741**
Additions	**1,167,482**	**3,280**	**212,998**	**6,500**	**729,100**	**2,119,360**
Disposal of a subsidiary *(note 32)*	**–**	**–**	**(2,938)**	**(2,347)**	**–**	**(5,285)**
Depreciation	**(1,586,394)**	**(78,862)**	**(551,721)**	**(1,113,944)**	**(698,920)**	**(4,029,841)**
Exchange realignment	**11,612**	**19**	**2,140**	**1,642**	**–**	**15,413**
At 31 December 2019, net of accumulated depreciation	**3,400,810**	**81,424**	**861,507**	**481,674**	**1,337,973**	**6,163,388**
At 31 December 2019						
Cost	**26,883,844**	**1,544,783**	**5,941,784**	**8,970,070**	**3,889,228**	**47,229,709**
Accumulated depreciation	**(23,483,037)**	**(1,463,359)**	**(5,080,276)**	**(8,488,392)**	**(2,551,257)**	**(41,066,321)**
Net carrying amount	**3,400,807**	**81,424**	**861,508**	**481,678**	**1,337,971**	**6,163,388**
31 December 2018						
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	(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

15 LEASES

The Group as a lessee

The Group has lease contracts for land and buildings and outdoor billboard spaces used in its operations. Leases of land and buildings machinery generally have lease terms between 2 and 6 years, while outdoor billboard spaces generally have lease terms between 2 and 3 years. Other land and buildings generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land and buildings *HK$*	**Outdoor billboard space** *HK$*	**Total** *HK$*
As at 1 January 2019	12,846,880	993,027	13,839,907
Additions	5,225,127	29,971,276	35,196,403
Disposal as a result of disposal of a subsidiary	(1,584,788)	–	(1,584,788)
Depreciation charge	(6,963,504)	(3,883,879)	(10,847,383)
Exchange realignment	(9,613)	(19,517)	(29,130)
	9,514,102	27,060,907	36,575,009

15 LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) **Lease liabilities**

The carrying amount of lease liabilities and the movements during the year are as follows:

	2019 *HK$*
Carrying amount at 1 January	**13,839,907**
New leases	**35,196,403**
Disposals as a result of disposal of a subsidiary	**(1,584,649)**
Accretion of interest recognised during the year	**885,003**
Payments	**(11,523,881)**
Exchange realignment	**(22,973)**
Carrying amount at 31 December	**36,789,810**
Analysed into:	
Current portion	**14,691,868**
Non-current portion	**22,097,942**
	36,789,810

The maturity analysis of lease liabilities is disclosed in note 38 to the consolidated the financial statements.

(c) The amounts recognised in profit or loss from continuing operations in relation to leases are as follows:

	2019 *HK$*
Interest on lease liabilities	**876,244**
Depreciation charge of right-of-use assets (HK$3,883,879 included in cost of sales and HK$6,787,418 included in administrative expenses) *(note 8)*	**10,671,297**
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 HK$8,175,860 included in cost of sales and HK$3,455,652 included in administrative expenses) *(note 8)*	**11,631,512**
Total amount recognised in profit or loss	**23,179,053**

16 GOODWILL

	HK$
31 December 2019	
Cost at 1 January 2019, net of accumulated impairment	**2,780,482**
Impairment during the year	**–**
Cost and net carrying amount at 31 December 2019	**2,780,482**
At 31 December 2019	
Cost	**2,780,482**
Accumulated impairment	**–**
Net carrying amount	**2,780,482**
31 December 2018	
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").

16 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 five-year period (2018: three-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% (2018: 20%) with reference to the past performance and its expectation for market development;

- Discount rate of 10.89% (2018: 11.79%) is used with reference to the current market data for the relevant industry and comparable companies; and

- Terminal growth rate of 2.5% (2018: 2.6%) is used with reference to the Hong Kong inflation rate beyond the four-year period (2018: three-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 2019 and 2018, 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.

17 OTHER INTANGIBLE ASSETS

	Rights to use intellectual properties *HK$*	Licence *HK$*	Total *HK$*
31 December 2019			
Cost at 1 January 2019, net of accumulated amortisation	**35,750**	**–**	**35,750**
Amortisation *(note 8)*	**(35,750)**	**–**	**(35,750)**
At 31 December 2019	**–**	**–**	**–**
At 31 December 2019			
Cost	**3,265,000**	**2,102,411**	**5,367,411**
Accumulated amortisation	**(3,265,000)**	**(2,102,411)**	**(5,367,411)**
Net carrying amount	**–**	**–**	**–**
31 December 2018			
Cost at 1 January 2018, net of accumulated amortisation	300,563	–	300,563
Amortisation *(note 8)*	(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

18 FILM DEPOSITS AND RIGHTS

	Film deposits and rights *HK$*
31 December 2019	
Cost at 1 January 2019 and 31 December 2019, net of accumulated amortisation and impairment	**–**
At 31 December 2019	
Cost	**102,074,882**
Accumulated amortisation and impairment	**(102,074,882)**
Net carrying amount	**–**
31 December 2018	
Cost at 1 January 2018, net of accumulated amortisation and impairment	102,000,000
Impairment *(note)*	(102,074,882)
Exchange realignment	74,882
At 31 December 2018, net of accumulated amortisation and impairment	–
At 31 December 2018	
Cost	102,074,882
Accumulated amortisation and impairment	(102,074,882)
Net carrying amount	–

18 FILM DEPOSITS AND RIGHTS *(Continued)*

Note:

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 as at 31 December 2018, as a result, a provision for impairment of HK$102,074,882 on the film deposits and rights was made during the year ended 31 December 2018.

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.

18 FILM DEPOSITS AND RIGHTS *(Continued)*

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.

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 was charged to profit or loss during the year ended 31 December 2018.

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 2019, advances to customers in margin financing of HK$162,189,933 (2018: HK$165,003,073) were secured by securities pledged by the customers to the Group as collateral with undiscounted market value of HK$351,608,688 (2018: HK$448,037,603).

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

	2019	2018
	HK$	*HK$*
Trade receivables	**17,576,842**	22,114,197
Impairment	**(210,990)**	(544,056)
Trade receivables – net *(note a)*	**17,365,852**	21,570,141
Prepayments, other receivables and other assets *(note b)*	**17,968,755**	25,957,351
	35,334,607	47,527,492
Less: Non-current portion:		
Rental deposit	**(1,023,686)**	(2,094,873)
Deposit with Hong Kong Exchanges and Clearing Limited	**(705,000)**	(705,000)
	(1,728,686)	(2,799,873)
Current portion	**33,605,921**	44,727,619

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.

An 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:

	2019 ***HK$***	2018 *HK$*
Up to 30 days	**12,592,689**	15,643,814
31–60 days	**1,987,677**	2,203,807
Over 60 days	**2,785,486**	3,722,520
	17,365,852	21,570,141

The movements in the loss allowance for impairment of trade receivables are as follows:

	2019 ***HK$***	2018 *HK$*
At beginning of year	**544,056**	676,616
Reversal of impairment loss of trade receivables *(note 5)*	**(333,066)**	(132,560)
At end of year	**210,990**	544,056

The decrease (2018: decrease) in the loss allowance was due to reversal of impairment of HK$333,066 (2018: HK$132,560) as a result of repayment from trade receivables during the year.

20 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables *(Continued)*

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:

		Past due			
	Current	0-30 days	31-60 days	Over 60 days	Total
As at 31 December 2019					
Expected credit loss rate (%)	0.10%	0.14%	0.17%	6.49%	1.20%
Gross carrying amount (HK$)	9,379,836	3,227,195	1,991,104	2,978,707	17,576,842
Expected credit losses (HK$)	9,684	4,658	3,427	193,221	210,990
As at 31 December 2018					
Expected credit loss rate (%)	2.03%	2.9%	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

(b) Prepayments, other receivables and other assets

	2019 ***HK$***	2018 *HK$*
Prepayments	**840,198**	1,624,632
Rental deposits	**4,829,846**	7,422,835
Other deposits	**3,103,175**	1,270,779
Deposit with Hong Kong Exchanges and Clearing Limited	**705,000**	705,000
Advances to employees	**49,508**	154,264
Other taxes receivables	**470,840**	493,176
Other receivables	**154,633**	153,543
Due from non-controlling interest *(note i)*	**34,382**	34,382
Loan and interest receivables *(note ii)*	**7,781,173**	14,098,740
	17,968,755	25,957,351

20 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Prepayments, other receivables and other assets *(Continued)*

Notes:

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

(ii) On 20 March 2020, the Group has extended the maturity date of the unsecured loan with principal amount of HK$7,100,000 (2018: HK$13,000,000) from 27 March 2019 to 27 September 2020, the interest at a rate of 12% per annum from 28 March 2018 to 27 March 2020, then adjusted upward to 18% per annum from 28 March 2020.

(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

	2019 **HK$**	2018 HK$
HK$	**24,466,321**	31,952,676
Singapore dollars (“SG$”)	**10,868,286**	15,574,816
	35,334,607	47,527,492

21 INVESTMENT IN AN ASSOCIATE

	2019 **HK$**	2018 HK$
Investment in an associate	**158,749**	158,749
Loan to an associate	**1,091,251**	1,091,251
Share of loss of an associate	**(369,829)**	(329,793)
Impairment of interest in an associate	**(792,498)**	(792,498)
	87,673	127,709

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.

21 INVESTMENT IN AN ASSOCIATE *(Continued)*

Movement in the investment in an associate is as follows:

	2019 *HK$*	2018 *HK$*
At beginning of the year	**127,709**	145,107
Share of loss of an associate	**(40,036)**	(17,398)
At end of the year	**87,673**	127,709

Particulars of an associate are as follows:

Name	Particulars of issued shares held	Place of incorporation and business	Percentage of ownership interest 2019	2018	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.

Wisefit Smooth Limited is accounted for using the equity method.

	2019 *HK$*	2018 *HK$*
Aggregate carrying amount of the Group's associate that are not individually material	**87,673**	127,709
Aggregate amounts of the Group's share of:		
Loss for the year	**40,036**	17,398
Other comprehensive income	**–**	–
Total comprehensive loss	**40,036**	17,398

22 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2019 *HK$*	2018 *HK$*
Cash and bank balances	**36,151,172**	76,281,959
Time deposits	**25,109,882**	3,932,398
	61,261,054	80,214,357
Less: Pledged bank deposits *(Note)*:		
Current portion	**–**	(575,000)
Non-current portion	**(359,882)**	(357,398)
Cash and cash equivalents	**60,901,172**	79,281,959

Note: As at 31 December 2019, bank deposits of HK$359,882 (2018: HK$932,398) 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$248,314 (2018: HK$253,987). 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.

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

	2019 *HK$*	2018 *HK$*
HK$	**48,116,237**	60,595,596
SG$	**10,681,243**	17,083,886
RMB	**248,314**	253,987
US$	**2,215,260**	2,280,888
	61,261,054	80,214,357

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 **HK$**	2018 *HK$*
Listed equity investments, at fair value	**7,069,920**	4,506,020

The above equity investments 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$3,020,160.

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 PAYABLE

	Notes	**2019** **HK$**	2018 *HK$*
Trade payables	*(a)*	**1,320,261**	1,230,698
Licence fee payable		**37,746**	338,712
Other payables	*(b)*	**5,665,407**	28,428,442
Loan and interest payable to a director	*(c)*	**1,616,000**	1,602,060
Contract liabilities	*(d)*	**442,158**	2,083,376
Accruals		**12,398,185**	10,161,531
		21,479,757	43,844,819

25 TRADE AND OTHER PAYABLE *(Continued)*

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:

	2019 HK$	2018 HK$
Current	**1,320,261**	1,230,698

(b) As at 31 December 2018, included in the other payables were amount due to a former non-controlling shareholder of HK$18,000,000 was unsecured, interest bore at 8% per annum and fully settled during the year. The remaining balances of other payables are unsecured, interest free and have an average term of 1 month.

(c) The principal amount of HK$1,616,000 (2018: HK$1,600,000) advanced from a director is unsecured with interest at a rate of 1% from 15 November 2018 to 14 November 2019, then adjusted downward from 1% to interest-free onward from 15 November 2019. On 14 November 2019, the extension of the maturity date of the loan and interest payables to a director for 1 year from 14 November 2019 to 14 November 2020.

(d) Details of contract liabilities are as follows:

	31 December 2019	31 December 2018	1 January 2018
Short-term advances from customer:			
Advertising and media services	**442,158**	1,827,671	1,246,990
Provision of early childhood education	**–**	255,705	319,321
Total contract liabilities	**442,158**	2,083,376	1,566,311

The decrease in contract liabilities in 2019 was mainly due to decrease in short-term advances received from customer in relation to the provision of advertising and media services and early childhood education services at the end of year.

The increase in contract liabilities in 2018 was mainly due to the increase in short-term advances received from customers in relation to the provision of advertising and media services at the end of the year.

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

	2019 HK$	2018 HK$
HK$	**12,375,795**	31,612,979
SG$	**5,034,327**	8,166,737
RMB	**14,832**	7,501
US$	**4,054,803**	4,057,602
	21,479,757	43,844,819

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 TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2019 Depreciation allowance in excess of related depreciation *HK$*
At 1 January 2019	–
Deferred tax charged to the profit or loss during the year	**38,575**
At 31 December 2019	**38,575**

Deferred tax assets

	2019 Losses available for offsetting against future taxable profits *HK$*
At 1 January 2019	–
Deferred tax credited to the profit or loss during the year	**38,575**
At 31 December 2019	**38,575**

27 DEFERRED TAX *(Continued)*

Deferred tax liabilities

	2018 Depreciation allowance in excess of related depreciation *HK$*
At 1 January 2018	19,234
Deferred tax credited to the profit or loss during the year	(19,234)
At 31 December 2018	–

Deferred tax assets

	2018 Losses available for offsetting against future taxable profits *HK$*
At 1 January 2018	19,234
Deferred tax charged to the profit or loss during the year	(19,234)
At 31 December 2018	–

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 tax assets of HK$11,174,508 (2018: HK$8,002,500) in respect of unrecognised tax losses of HK$67,168,123 (2018: HK$48,051,603). 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 31 December 2017, 1 January 2018, 31 December 2018 and 31 December 2019	**1,147,092,240**	114,709,224

29 SHARE-BASED PAYMENT

Pre-IPO share option scheme

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

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

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

No expense was recognised in the profit or loss since there was no share options granted to directors and employees in current year (2018: Nil). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

29 SHARE-BASED PAYMENT *(Continued)*

Pre-IPO share option scheme *(Continued)*

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

	2019		2018	
	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 31 December 2017, 1 January 2018, 31 December 2018 and 31 December 2019	**2.758**	**941,910**	2.758	941,910

At the end of reporting period, the Company had 941,910 (2018: 941,910) share options outstanding under the scheme and these were exercisable in full as at 31 December 2019.

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 61 of the consolidated 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 a result of the impairment loss of the films deposits and rights in previous years, no significant assets is held by Stan Lee Global Entertainment LLC as at 31 December 2019 (2018: Nil).

As at 31 December 2019, the net assets of Cornerstone Securities Limited primarily comprised of margin loans receivable of HK$162,189,933 (2018: HK$165,003,073) and cash and cash equivalents of HK$34,807,578 (2018 HK$39,690,276).

32 DISPOSAL OF A SUBSIDIARY

As disclosed in note 6 to the consolidated financial statements, the Group disposed of its equity interest in Babysteps, and the assets and liabilities disposed of at the disposal date were as below:

Analysis of cash flows in respect of Babysteps is as follows:

	2019 *HK$*
Net liabilities disposed of:	
Property, plant and equipment	**5,285**
Right-of-use assets	**1,584,788**
Other receivable, deposit and prepayment	**19,160**
Cash and cash equivalents	**10**
Accrued expenses	**(139,822)**
Lease liabilities	**(1,584,649)**
Deferred Revenue	**(132,192)**
Non-controlling interest	**1,598,794**
	1,351,374
Loss on disposal of a subsidiary	**(1,351,373)**
	1
Satisfied by cash:	
Cash	**1**
An analysis of the net outflow of cash and cash equivalent in respect of the disposal of a subsidiary is as follows:	
Cash consideration	**1**
Cash and bank balances disposed of	**(10)**
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**(9)**

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year the Group had non-cash additions to right-of-use assets and lease liabilities of HK$35,196,403 and HK$35,196,403 respectively, in respect of lease arrangements land and buildings and outdoor billboard spaces (2018: Nil).

(b) Changes in liabilities arising from financing activities

2019

	Amount due to a director included in trade and other payable *HK$*	**Lease liabilities** *HK$*
At 31 December 2018	**1,602,060**	**–**
Effect of adoption of HKFRS 16	**–**	**13,839,907**
At 1 January 2019	**1,602,060**	**13,839,907**
Changes from financing cash flows	**16,000**	**(11,523,881)**
New leases	**–**	**35,196,403**
Foreign exchange movement	**–**	**(22,973)**
Interest expense	**13,940**	**885,003**
Interest paid classified as operating cash flows	**(16,000)**	**–**
Decrease arising from disposal of a subsidiary	**–**	**(1,584,649)**
At 31 December 2019	**1,616,000**	**36,789,810**

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities (Continued)

2018

	Amount due to a director included in trade and other payable *HK$*
At 1 January 2018	–
Changes from financing cash flows	1,600,000
Interest expense	2,060
At 31 December 2018	1,602,060

34 OPERATING LEASE COMMITMENT AS AT 31 DECEMBER 2018

The Group leased certain of its office properties and outdoor billboard spaces under operating lease arrangements. These leases were ranged from 2 to 6 years.

At 31 December 2018, the Group had total future minimum lease rental payables under noncancellable operating leases falling due as follows:

	2018 *HKS*
Within one year	**15,568,284**
In the second to fifth years, inclusive	**7,154,889**
	22,723,173

35 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) The Group has an outstanding principal amount of HK$1,616,000 (2018: HK$1,600,000) as at 31 December 2019 due to An Xilei, a director of the Company. Details of which are set out in note 25 to the consolidated financial statements.

(b) As at 31 December 2019, the Group has an outstanding principal amount of HK$1,091,251 (2018: HK$1,091,251) due to Wisefit Smooth Limited, an associate of the Company. Details of which are set out in note 21 to the consolidated financial statements.

(c) During the year, HK$1,396,603 (2018:Nil) was paid to a former non-controlling shareholder, Cornerstone Financial Group Limited, a company of which Mr Kwong Kai Hong, a director of a subsidiary of the Group. Details of which are set out in note 25(b) to the consolidated financial statements.

(d) Compensation of key management personnel of the Group

	2019 ***HK$***	2018 *HK$*
Salaries, wages and allowances	**3,990,000**	6,724,967
Pension costs – defined contribution plans	**48,000**	31,452
Other post-employment benefits	**768,000**	768,000
	4,806,000	7,524,419

Further details of directors and the chief executive's remuneration are included in note 9 to the consolidated financial statements.

36 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:

2019

Financial assets

	Mandatorily designated as such *HK$*	Financial asset at amortised *HK$*	Total *HK$*
Margin loan receivable	–	162,189,933	162,189,933
Trade receivables	–	17,365,852	17,365,852
Financial assets included in prepayments, other receivables and other assets	–	9,330,731	9,330,731
Loan to an associate	–	1,091,251	1,091,251
Financial assets at fair value through profit or loss	7,069,920	–	7,069,920
Pledged deposits	–	359,882	359,882
Cash and cash equivalents	–	60,901,172	60,901,172
	7,069,920	251,238,821	258,308,741

Financial liabilities

	Financial liabilities at amortised cost *HK$*
Trade payables	1,320,261
Financial liabilities included in other payables	20,159,496
Lease liabilities	36,789,810
	58,269,567

36 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)*

2018

Financial assets

	Mandatorily designated as such *HK$*	Financial asset at amortised *HK$*	Total *HK$*
Margin loan 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
Loan to an associate	–	1,091,251	1,091,251
Financial assets 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	284,437,559	288,943,579

Financial liabilities

	Financial liabilities at amortised cost *HK$*
Trade payables	1,230,698
Financial liabilities included in other payables	32,452,590
	33,683,288

37 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.

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:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *HK$*	**Significant observable inputs (Level 2)** *HK$*	**Significant unobservable inputs (Level 3)** *HK$*	**Total** *HK$*
As at 31 December 2019				
Financial assets at fair value through profit or loss	**7,069,920**	**–**	**–**	**7,069,920**
As at 31 December 2018				
Financial assets at fair value through profit or loss	4,506,020	–	–	4,506,020

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

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 (2018: Nil). The Group did not have any significant financial liabilities measured at fair value as at 31 December 2019 and 2018.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Foreign currency 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.

At 31 December 2019, 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$351,608,688 (2018: HK$448,037,603) and margin loans receivable amounted to HK$162,189,933 (2018: HK$165,003,073). The maximum exposure to credit risk before collateral held or other credit enhancements approximates to the carrying value.

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

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

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

(b) Credit risk *(Continued)*

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 *HK$*	**Stage 2** *HK$*	**Stage 3** *HK$*	**Simplified approach** *HK$*	**Total** *HK$*
Trade receivables*	–	–	–	**17,365,852**	**17,365,852**
Financial assets included in prepayments, other receivables and other assets – Normal**	**17,968,775**	–	–	–	**17,968,775**
Cash and cash equivalents	**60,891,172**	–	–	–	**60,891,172**
Cash held on behalf of brokerage	**8,937,966**	–	–	–	**8,937,966**
Margin loans receivable	**162,189,933**	–	–	–	**162,189,933**
Loan to an associate	**1,091,251**	–	–	–	**1,091,251**
	251,079,097	–	–	**17,365,852**	**268,444,949**

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

(b) Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 December 2018

	12-month ECLs	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Trade receivables*	–	–	–	21,570,141	21,570,141
Financial assets included in prepayments, other receivables and other assets – Normal**	25,957,351	–	–	–	25,957,351
Cash and cash equivalents	79,281,959	–	–	–	79,281,959
Cash held on behalf of brokerage	11,346,943	–	–	–	11,346,943
Margin loans receivable	165,003,073	–	–	–	165,003,073
Loan to an associate	1,091,251	–	–	–	1,091,251
	282,680,577	–	–	21,570,141	304,250,718

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

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

(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	Within 1 year	1 to 5 years	Total
	HK$	*HK$*	*HK$*	*HK$*
At 31 December 2019				
Trade and other payables	**–**	**21,479,757**	**–**	**21,479,757**
Accounts payable to brokerage clients	**–**	**14,184,860**	**–**	**14,184,860**
Lease liabilities	**–**	**15,301,028**	**23,913,558**	**39,214,586**
Total	**–**	**50,965,645**	**23,913,558**	**74,879,203**
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

38 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 "loan and interest payables to a director" and "amount due to a former 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 2019 and 2018 were as follows:

	2019 ***HK$***	2018 *HK$*
Total borrowing	**1,616,000**	19,600,000
Less: Cash and cash equivalents	**(60,901,172)**	(79,281,959)
Net cash	**(59,285,172)**	(59,681,959)
Total equity	**244,229,882**	259,653,436
Total capital	**184,944,710**	199,971,477
Gearing ratio	**0.7%**	7.5%

39 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:

	2019 HK$	2018 HK$
ASSETS		
NON-CURRENT ASSETS		
Plant and equipment	151,871	292,060
Right-of-use asset	2,900,941	–
Interests in subsidiaries	13,676,206	13,676,206
Rental deposits	–	1,024,320
Total non-current assets	16,729,018	14,992,586
CURRENT ASSETS		
Deposits, prepayments and other receivables	9,024,413	15,478,060
Amounts due from subsidiaries	285,984,580	225,763,917
Cash and cash equivalents	3,444,946	1,249,953
Total current assets	298,453,939	242,491,930
LIABILITIES		
CURRENT LIABILITIES		
Other payables and accruals	5,666,000	3,759,060
Lease liability	2,999,409	–
Amounts due to subsidiaries	75,326,450	–
Total current liabilities	83,991,859	3,759,060
NET CURRENT ASSETS	214,462,080	238,732,870
TOTAL ASSETS LESS CURRENT LIABILITIES	231,191,098	253,725,456
NET ASSETS	231,191,098	253,725,456
EQUITY		
Share capital	114,709,224	114,709,224
Other reserves *(Note)*	116,481,874	139,016,232
TOTAL EQUITY	231,191,098	253,725,456

Wong Hong Gay Patrick Jonathan
Director

An Xilei
Director

39 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 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 and 1 January 2019	**552,932,232**	**2,020,536**	**(415,936,536)**	**139,016,232**
Loss for the year	**–**	**–**	**(22,534,358)**	**(22,534,358)**
At 31 December 2019	**552,932,232**	**2,020,536**	**(438,470,894)**	**116,481,874**

40 COMPARATIVE AMOUNTS

The comparative statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 6).

41 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2020.

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