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

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8112)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Cornerstone Financial Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2021 (the "**Annual Results**"). This announcement, containing the full text of the 2021 annual report of the Company for the year ended 31 December 2021 (the "**Annual Report**"), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in relation to information to accompany preliminary announcement of annual results. The Annual Results have been reviewed by the Board and the audit committee of the Company.

The Annual Report will be published on the websites of the Company (www.cs8112.com) and the Stock Exchange (www.hkexnews.hk), and the printed version will be despatched to the shareholders of the Company in due course in accordance with the relevant requirements of the GEM Listing Rules.

By Order of the Board
CORNERSTONE FINANCIAL HOLDINGS LIMITED
Gao Ran
Chairman and Executive Director

Hong Kong, 29 March 2022

As at the date of this announcement, the Board comprises Mr. Gao Ran (Chairman), Mr. An Xilei (Deputy Chairman), Mr. Wong Hong Gay Patrick Jonathan and Mr. Mock Wai Yin as executive Directors; and Mr. Chan Chi Keung Alan, Ms. Lau Mei Ying and Mr. Wong Man Hong as independent non-executive Directors.

This announcement, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.cs8112.com.

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

2021
Annual Report
年度報告

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

Gao Ran *(Chairman)*
An Xilei *(Deputy Chairman)*
Wong Hong Gay Patrick Jonathan *(CEO)*
Mock Wai Yin
Wang Jun
(resigned on 10 March 2021)

Independent Non-Executive Directors

Chan Chi Keung Alan
Lau Mei Ying
Wong Man Hong
(appointed on 16 July 2021)
Lee Chi Hwa Joshua
(resigned on 9 July 2021)

AUDIT COMMITTEE

Wong Man Hong *(Chairman)*
(appointed on 16 July 2021)
Chan Chi Keung Alan
Lau Mei Ying
Lee Chi Hwa Joshua *(Chairman)*
(resigned on 9 July 2021)

NOMINATION COMMITTEE

Wong Man Hong *(Chairman)*
(appointed on 16 July 2021)
Chan Chi Keung Alan
Lau Mei Ying
Lee Chi Hwa Joshua *(Chairman)*
(resigned on 9 July 2021)

REMUNERATION COMMITTEE

Wong Man Hong *(Chairman)*
(appointed on 16 July 2021)
Chan Chi Keung Alan
Lau Mei Ying
Lee Chi Hwa Joshua *(Chairman)*
(resigned on 9 July 2021)

CORPORATE GOVERNANCE COMMITTEE

An Xilei *(Chairman)*
Mock Wai Yin
Lau Mei Ying

EXECUTIVE COMMITTEE

Gao Ran *(Chairman)*
An Xilei
Wang Jun
(resigned on 10 March 2021)

COMPLIANCE OFFICER

Mock Wai Yin

COMPANY SECRETARY

Chan Sau Chee

AUTHORIZED REPRESENTATIVES

An Xilei
Mock Wai Yin

AUDITORS

Yongtuo Fuson CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 802, 8th Floor,
Lee Garden Five
18 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
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				
	2021	2020	2019*	2018*	2017*
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
RESULTS					
Revenue	**56,133,391**	50,973,229	92,327,178	106,028,264	92,883,100
Loss for the year	**(14,301,244)**	(59,198,261)	(17,260,109)	(132,268,875)	(62,127,398)
Attributable to:					
Owners of the Company	**(15,541,192)**	(58,082,647)	(18,107,764)	(107,933,612)	(52,706,931)
Non-controlling interests	**1,239,948**	(1,115,614)	847,655	(24,335,263)	(9,420,467)

	as at 31 December				
	2021	2020	2019	2018*	2017*
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
ASSETS AND LIABILITIES					
Total assets	**240,426,903**	251,069,887	320,400,032	319,605,567	446,957,634
Total liabilities	**(69,778,071)**	(66,073,311)	(76,170,150)	(59,952,131)	(29,235,438)
Net assets	**170,648,832**	184,996,576	244,229,882	259,653,436	417,722,196

* The results, assets and liabilities included the provision of early childhood education business which was a discontinued operation during the year ended 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

During the year ended 31 December 2021 (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 revenue for the Group. It is observed that the COVID-19 pandemic continues to affect business and social activities and causes economic uncertainties. Correspondingly, the overall performance and financial results of the Group for the Financial Year has been affected. During the Financial Year, the Group recorded an overall revenue of HK$56.1 million and net loss of the Group of approximately HK$14.3 million. As for the Group's advertising and media business, the revenue amounted to approximately HK$43.4 million for the Financial Year and has not yet recovered to the pre-COVID-19 pandemic level of HK$77.6 million for the year ended 31 December 2019. As for the Group's financial services, it was observed that despite the impact of pandemic to the general economic environment, local stock trading activities had not weakened to a significant deteriorated level. In addition to margin financing business, the management of the Group's financial services has explored new business opportunities such as acting as placing agents or underwriters and providing other value-added financial services for clients during the Financial Year. In the future, the Company shall continue its efforts in the advertising and media business and to explore opportunities from its film assets under the existing challenging business environment caused by the prolonged epidemic situation. The management is cautiously optimistic that the economy would eventually progress positively after measures implemented by the government to manage and control pandemic and that the business prospects of the Group would improve in the future. The details of Group's business review and prospects are as follows:

Financial Services

The Group's financial services activities are mainly conducted under the brand name of "Cornerstone" and consisted of Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). During the Financial Year, the total revenue of the financial services business amounted to approximately HK$12.7 million. Margin financing business was the key income stream for the Group's financial services business and margin loan financing of approximately HK$90.1 million in principal amount was granted to margin account clients as at 31 December 2021.

Over the past few years, the financial services business undertaken by Cornerstone Securities Limited ("CSL"), a 91.19% indirectly owned subsidiary of the Company, has been providing stable revenue for the Group and the interest income from the margin financing business contributed more than 76% of CSL's revenue for the Financial Year. Fundamentally, contribution from margin financing business is significant for a securities company. CSL believed that it is important to explore opportunities to expand among others, its margin financing business, as CSL has a potential client base of high-net-worth individuals in the People's Republic of China ("PRC"). As noted from CSL, there have been ongoing enquiries from clients for granting of new margin loans during the Financial Year. Because of such business demand, CSL believed that it is necessary to prepare and equip itself to get hold of the opportunities arise from the uplift of border restrictions and the relaxation of quarantine period as they expected that there would be an influx of potential investors from the PRC and hopefully, these PRC clients would benefit the development of the Group's financial services business. After taking into account the need to comply with the regulatory requirements of the securities business, the CSL management considered the room for granting new margin loans is very limited, unless there are additional settlement by CSL margin clients or the Group could raise additional funds for the financial services business. Accordingly, the Company has been exploring various ways to increase the capital of CSL for furtherance of its business. Based on the expected demand for margin facilities and as part of CSL's business expansion plan, the Company proposed a rights issue (the "Rights Issue") in January 2022, which has been approved by the independent Shareholders on 22 March 2022. Details of the Rights Issue are disclosed in the Company's announcements dated 21 January 2022, 4 March 2022 and 22 March 2022 and its circular dated 3 March 2022 respectively.

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. 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	2021	2020
Hong Kong	Office, Commercial and Residential Network	**1,063**	1,046
Singapore	Office and Commercial Network	**510**	520
Total number of venues		**1,573**	1,566

As of 31 December 2021, the Group has deployed its branded flat-panel displays at 1,573 office, commercial and residential buildings in Hong Kong and Singapore under its digital OOH media network.

In the 4th quarter of 2021, the Group upgraded around 25% of the flat-panel displays in Singapore to programmatic digital out of home ("pDOOH") to meet the demand from advertisers to have the flexibility, efficiency and audience targeting capabilities. Programmatic advertising refers to any sort of digital advertising bought via an automated media buying platform such as Hivestack and Vistar, rather than traditional media buying process. This initiative now opens up the buying of airtime under specified conditions, allowing buyers to bid for airtime based on key criteria, like views, clicks, or footfall. The Group will continue to upgrade the network in Singapore in 2022 progressively and anticipate pDOOH to be a huge growth area over the next few years.

In addition to the flat-panel displays, the Group's OOH large format media network in Hong Kong consists of nine sites of which eight are large LED panels and one is billboard; together with its well-established office, commercial and residential networks; the Group offers a well-rounded platform for advertisers to reach their audience at home, at work and at shopping, leisure & entertainment venues.

Capitalizing on the Group's success in operating digital media panels, the Group has a total of eight large LED panels situated in five strategic locations in Central, Causeway Bay, Tsim Sha Tsui, Mongkok and Kwun Tong.

First of all, the Group continues to hold the exclusive advertising sales rights of three LED panels namely 3 Matheson Street in Causeway Bay, 53 Carnarvon Road in Tsim Sha Tsim and Le Diamant in Mongkok. Causeway Bay, Tsim Sha Tsui and Mongkok are amongst the busiest shopping and dining districts in Hong Kong.

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 in naked eye 3D format. 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 a 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.

The Group also continues to hold the exclusive advertising sales right of the LED panel at the prestigious office building named One Pacific Centre. It is located at 414 Kwun Tong Road in Kwun Tong, right next to the high traffic APM Shopping Mall and in between Millennium City 5 and 6 office towers. It is situated in the heart of Kwun Tong capturing people from the working level, leisure shoppers as well as residents in the neighborhood.

As well, the Group continues to hold the exclusive advertising sales right of the Hilton Towers LED panel. It is located at 96 Granville Road, Tsim Sha Tsui East, facing the renowned "Water Fountain at Tsim Sha Tsui East" (Urban Council Centenary Garden) surrounded by well-known office buildings such as East Ocean Centre, New Mandarin Plaza, South Seas Centre and Peninsular Centre, etc. This strategic location captures high traffic of eyeballs generated from the office buildings nearby.

In addition, the Group also continues to hold the exclusive advertising sales right of the 655 Nathan Road LED panel, Mongkok. The LED panel is situated right next to Mongkok MTR station with white collars and shoppers coming in and out. It is facing the pedestrian path between Nathan Road and Portland Street heading to Langham Place with thousands of pedestrians traffic flow everyday. It is right in the heart of Mongkok targeting both locals and tourists.

Furthermore, the Group continues to hold the exclusive advertising sales rights of the 8 Lyndhurst Terrace LED panel in Central and the Hung To Centre LED panel in Kwun Tong. 8 Lyndhurst Terrace is strategically located in prime Central CBD district closed to Lan Kwai Fong with a variety of dining and entertainment venues around. It is built on Pottinger Street linking Hollywood Road and Wellington Street surrounded by office buildings. Hung To Centre is located at 94-96 How Ming Street, Kwun Tong, the Kowloon East CBD district. Kwun Tong was once Hong Kong's industrial district and it is now the up-and-coming business district with prestigious office towers and F&B outlets. The LED panel is only a block away from Millennium City and is facing the busy intersection of Hung To Road and How Ming Street with vehicles and pedestrians coming from all directions.

In October 2021, the Group decided not to continue the exclusive advertising sales rights of the "V" LED in Causeway Bay in order to better deploy its resources to other new OOH large format LED sites with higher profit margin.

Under its OOH large format media network in Singapore, the Group continues to hold its current OOH sites as well as adding new ones making it a total twelve 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 Change Alley Mall (previously known as Chevron House). We have also expanded our partnership with Change Alley Mall and 30 Raffles Place to market all their OOH spaces within the building.

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. The Group has added exclusive partnership with 18 Tai Seng for various sites within the building as well as MRT underpass. This building serves as a retail and F&B hub choices as well as connector to MRT station for their surrounding SMEs and light industrial buildings.

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

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 expanded its exclusive partnership with the 13-storey HarbourFront Centre (HFC) which is a thriving mixed use development comprising of office and retail space, F&B outlets and an international cruise centre and now markets its various advertising format comprising of façade billboard to in-malls static site.

As well, the Group foresees the demand in reaching new suburban town thus went into partnership with Waterway Point for its 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.

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.

The performance of the Group's advertising and media business continued to be severely affected by the COVID-19 pandemic; most recently due to the omicron variant which has sparked Hong Kong's 5th Wave of COVID-19 cases with new restrictions being implemented. The government expects the city's economy to take a big hit from the 5th Wave; the situation is expected to deteriorate in the following months.

In Singapore, during the Phase 2 Heightened Alert period, the ongoing default "Work-from-Home" ("WFH") were re-imposed in Singapore with effect from 16 May to 13 June 2021 and again from 20 July to 18 August 2021 in order to minimize the risk of community spread. Social interactions and activities that involve large gatherings were also calibrated to minimize the risk of transmission. Dinning out has been limited to just two per table. Even as the situation had stabilised, most organization are still following the recommended 50% workforce capacity and crowd in the offices were still sparse throughout 2021.

Moving forward it really depends on how long and when the latest outbreak will be contained in both Hong Kong and Singapore. The Group's performance is only expected to improve if and when social distancing/gathering and/or WFH restrictions are lifted in Hong Kong and Singapore, respectively.

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 2021 included:

1. Sponsorship of Angel Hearts/Remembrance Day (Singapore)

2. Sponsorship of Make-A-Wish/Run for Wishes 2021 (Singapore)

3. Sponsorship of National Arthritis Foundation Singapore/Ride for Hope (Singapore)

4. Sponsorship of RHT Law Asia (Singapore)

5. Sponsorship of United Nations (Singapore)

6. Sponsorship of Run into 2021 Virtual Run (Hong Kong)

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

1. **Sponsorship of Angel Hearts/Remembrance Day (Singapore)**

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

FINANCIAL REVIEW

	2021 *HK$*	2020 *HK$*	2019* *HK$*	2018* *HK$*	2017* *HK$*
Turnover	**56,133,391**	50,973,229	92,327,178	106,028,264	92,883,100
Gross profit	**37,039,762**	32,470,780	56,260,154	64,161,414	54,670,842
EBITDA *(Note)*	**1,264,708**	(14,933,292)	(1,546,174)	3,305,368	(8,382,423)
Net loss	**(14,301,244)**	(59,198,261)	(17,260,109)	(132,268,875)	(62,127,398)

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

Note: EBITDA represents profit/(loss) before finance costs, income tax, depreciation of property, plant and equipment and right-of-use assets, gain/(loss) on disposal of property, plant and equipment, impairment loss of an associate, impairment loss of property, plant and equipment and right-of-use assets, gain on termination of lease contracts, fair value gain/(loss) on equity investment at fair value through profit or loss, and the profit/(loss) for the year 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.

The Group's revenue for the year ended 31 December 2021 was approximately HK$56.1 million, representing an increase of approximately 10% over the previous year. The Group's revenue from the advertising and media services business increased approximately 16% year-on-year from approximately HK$37.6 million to approximately HK$43.4 million and has not yet recovered to the pre-COVID-19 pandemic level in 2019. As for the Group's financial services business, the revenue for the year ended 31 December 2021 was approximately HK$12.7 million which included margin loan interest income of approximately HK$9.7 million.

The Group's gross profit for the year ended 31 December 2021 was approximately HK$37.0 million, representing an increase of approximately 14% over the previous year. The Group's gross profit margin increased from 64% to 66% due to the increase in revenue generated from the advertising and media services business.

The Group's administrative expenses for the year ended 31 December 2021 was approximately HK$52.3 million, representing a decrease of approximately 15% over the previous year. The decrease in administrative expenses is due to the cost control implementation in the Group's operating expenses during the year.

The Group's EBITDA amounted to approximately HK$1.3 million for the year ended 31 December 2021 as compared to the Group's negative EBITDA amounted to approximately HK$14.9 million for the previous year.

The Group recorded a loss attributable to owners of the parent of approximately HK$15.5 million for the year ended 31 December 2021 as compared to a loss attributable to owners of the parent of approximately HK$58.1 million for the previous year. The drop in net loss in 2021 was mainly due to (i) the improvement in revenue and gross profit during the Financial Year; (ii) the reversal of impairment loss in margin loan receivables and the drop in impairment loss for advertising related assets this year; and (iii) there was a fair value loss of equity investment in 2020 which was non-recurring in nature.

The details of the treatments for (a) the impairment loss for property, plant and equipment and right-of-use assets related to the advertising and media segment and (b) the margin loans receivables are as follows:

(a) the impairment loss for property, plant and equipment and right-of-use assets related to the advertising and media segment

For the year ended 31 December 2021, the Group recognised a provision for impairment loss of approximately HK$3.0 million (2020: HK$14.2 million) on property, plant and equipment and right-of-use assets in relation to the advertising and media segment (the "Impairment Loss") because of the performance of the Group's advertising and media business was affected by the outbreak of COVID-19 pandemic. The asset impairment was supported by an independent valuation, Masterpiece Valuation Advisory Limited (the "Valuer") and was reviewed by the Company's auditors, please refer to the Independent Auditor's Report section for details. The Group's impairment assessment policy on property, plant and equipment and right-of-use assets was set out in note 4(q) to the consolidated financial statements of the Company as included in this Annual Report.

With reference to the valuation conducted by the Valuer, the recoverable amounts of the property, plant and equipment and right-of-use assets containing in the cash generating units ("CGU") of Singapore (the "Singapore CGU") and of Hong Kong (the "Hong Kong CGU", together with the Singapore CGU, the "CGUs") in the advertising and media segment are based on the value-in-use approach using discounted cash flow method by comparing the carrying values and the recoverable amounts of the CGUs. The approach is consistently adopted by the Company and is in-line with the generally accepted approached adopted in Hong Kong.

The details of the key assumptions and inputs adopted in the impairment assessment of the CGUs are as follows:

(i) Budgeted turnover for the coming five years:

During the years 2022 to 2025, the turnover is estimated to have a slow growth per annum as the Hong Kong and Singapore economy outlook remains uncertain under the impacts of COVID-19 pandemic, i.e. the growth rate of turnover for Hong Kong CGU for these four years are 6.93%, 5.80%, 4.72% and 3.61% respectively; and the growth rate of turnover Singapore CGU for these four years are 3.14%, 2.73%, 2.32% and 1.91% respectively; the estimated turnover of Hong Kong CGU for the years 2022, 2023, 2024 and 2025 are HK$26.2 million, HK$27.7 million, HK$29.0 million and HK$30.0 million respectively; and the estimated turnover of Singapore CGU for the years 2022, 2023, 2024 and 2025 are HK$19.5 million, HK$20.1 million, HK$20.5 million and HK$20.9 million respectively. For the year 2026, it is estimated that the growth of the turnover will be in line with the estimated Hong Kong inflation rate of 2.5% and Singapore inflation rate of 1.5% for the year 2026, which are based on the Bloomberg's estimated Hong Kong and Singapore inflation rates for year 2026, respectively. Accordingly, the estimated turnover for Hong Kong CGU and Singapore CGU for the year 2026 are HK$30.8 million and HK$21.2 million respectively.

(ii) Budgeted gross profit margins for the coming five years:
During the years 2022 to 2023, it is estimated that the direct cost would decline slowly per annum, the total estimated cost of service for Hong Kong CGU for the years 2022 and 2023 are HK$8.6 million and HK$8.1 million respectively; and the total estimated cost of service for Singapore CGU for the years 2022 and 2023 are HK$8.2 million and HK$8.0 million respectively. It is estimated that the cost to revenue ratio in year 2024 would resume to pre-COVID-19 level with reference to the average cost to revenue ratio for the years of 2017, 2018 and 2019 which were relatively higher in the absence of COVID-19 pandemic, i.e. the total estimated cost of service for Hong Kong CGU and Singapore CGU for the year are HK$7.6 million and HK$7.6 million respectively. For the years 2025 and 2026, it is estimated that the cost to revenue ratio would be the same as 2024, i.e. the total estimated cost of service for Hong Kong CGU for the years 2025 and 2026 are HK$7.8 million and HK$8.0 million respectively; and the total estimated cost of service for Singapore CGU for the years 2025 and 2026 are HK$7.8 million and HK$7.9 million respectively.

(iii) Growth rates after five years:
The Group prepared cash flow forecasts deriving from the most recent financial budgets of the advertising and media segment for the next five years with the residual period using the growth rates for the Hong Kong CGU and Singapore CGU are 2.5% and 1.5 % which are based on the Bloomberg's estimated Hong Kong and Singapore inflation rates for the year 2026, respectively. These rates do not exceed the average long-term growth rates for the relevant markets.

(iv) Pre-tax discount rates:
The rates used to discount the forecasted cash flows for the Hong Kong CGU and Singapore CGU are 17.9% and 16.1% respectively. These are weighted average cost of capital of the respective CGUs and then adjusted by iterative computations for the relevant markets.

Based on the valuation results, it was considered that the impairment loss for property, plant and equipment and right-of-use assets related to the advertising and media segment was not unreasonable under the prevailing market circumstance at this point of time.

(b) the margin loans receivables
For the year ended 31 December 2021, the Company recognised a reversal of provision for impairment loss of approximately HK$5.0 million on margin loans receivable in relation to the financial services segment and the impairment loss was approximately HK$14.3 million in 2020. The Group's margin loan receivables are mainly attributable to the margin financing business of its financial services segment. It is the Group's policy to provide credit facility limits to margin clients taking into account of the financial strength, creditworthiness and the past collection statistics of the clients and also 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. The margin clients are required to make good the shortfall, if any.

The Group's impairment assessment policy on margin loan receivables was set out in note 4(r) to the consolidated financial statements of the Company as included in this Annual Report.

Based on the valuation report, the Valuer adopted probability of default method for the valuation of Expected Credit Loss which is commonly used in measuring the expected credit loss of receivables. Under this method. The details of the key assumptions and inputs adopted in Provision assessment regarding ECL of margin loan valuation are as follow:

(i) Exposure of default: The exposure of default is the difference between the market value of securities collaterals after haircut and the book value of the margin loan receivables. As at 31 December 2021, market value of securities collaterals of approximately HK$19,014,000 out of the total gross market value of securities collaterals amounted to approximately HK$284,739,000 was lower than the corresponding book value of the margin loan receivables amounted to approximately HK$38,459,000, and thus, there was exposure of default and thus, the haircut of 75% based on market practice was applied to reflect the market risk associated with the securities collaterals, according to the estimation of the management of the Company which was based on the historical volatility of the market price of the securities collaterals. As at 31 December 2020, since the gross market value of securities collaterals amounted to approximately HK112,585,000 which was lower than the book value of the margin loan receivables amounted to approximately HK$128,860,000 and thus, there was exposure of default and thus, the haircut of 75% based on market practice was applied to reflect the market risk associated with the securities collaterals, according to the estimation of the management of the Company which was based on the historical volatility of the market price of the securities collaterals.

(ii) Probability of default rate: For the year 2021, the calculation of the adopted probability of default was the sum of "Forward Looking Global Default", "Country Specific Risk Factor" and "Credit Rating Adjustment" less "Global Probability of Default". According to the valuation report, the probability of default rate for 2021 was 49.1% (2020: 25.7%).

(iii) Expected recovery rate from loss given default rate: For the year 2021 and 2020, the rate (0% – 73%) was extracted from Global Credit Data LGD Report 2020 – Large Corporate Borrowers and further adjusted with the security status of the Loan Receivables (secured/unsecured).

(iv) Discount factor: The discount factor was not applicable in this valuation because the expected settlement date is within one year from the date of the valuation.

The assessment on the Provision of margin loan receivables and the expected credit loss was prepared with reference to the valuation results conducted by the Valuer. It was believed that the above-mentioned valuation basis, key assumptions and inputs applied by the Valuer were consistent with the current market trends and conditions of the margin financing business. The valuation results have been reflected in the Group's audited financial statement for the year ended 31 December 2021.

Based on the valuation results, the estimated provision regarding ECL for margin loan receivables of approximately HK$9,335,000 (2020: HK$14,346,000) was recognised at the end of the reporting period of 31 December 2021. Accordingly, during the year ended 31 December 2021, the reversal of provision of HK$5,011,000 was credited to profit or loss for the year (2020: Impairment loss of HK$14,346,000 was charged to profit or loss for the year). As at 31 December 2021, the carrying amount of the Group's margin loan receivables, net of ECL impairment losses were approximately HK$80,757,000 (2020: HK$114,514,000).

Liquidity and financial resources

During the Financial Year, the Group financed its daily operations from internally generated resources. As at 31 December 2021, the Group had net current assets of approximately HK$165 million (2020: HK$177 million) and cash and cash equivalents of approximately HK$102 million (2020: HK$83 million).

As described in the Company's announcement dated 21 January 2022, the board of the Company proposed a rights issue on the basis of three rights shares for every one share held by the shareholders of the Company at the subscription price of HK$0.38 per rights share to raise the gross proceeds of approximately HK$65.38 million by issuing 172,063,836 new shares. The proposed Rights Issue was approved by independent shareholders of the Company at an extraordinary general meeting held on 22 March 2022. Details of the above are set out in the announcements of the Company dated 21 January 2022, 4 March 2022 and 22 March 2022 and the circular of the Company dated 3 March 2022, respectively.

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over Shareholders' fund, was approximately 2.3% as at 31 December 2021 (2020: 1.6%).

Foreign exchange

For the year ended 31 December 2021, 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 2021, 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 2021, the authorised share capital of the Company was HK$500,000,000 divided into 50,000,000,000 ordinary shares of HK$0.01 each ("Share(s)"), of which 57,354,612 Shares were in issue.

Please refer to section headed "Capital Raising" in the Report of the Directors and Note 34 to the Consolidated Financial Statements for details of disclosure of the share capital of the Company during the year ended 31 December 2021.

Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

Information on employees

As at 31 December 2021, the Group had 55 employees (2020: 73 employees), including the executive Directors (the "Executive Directors"). Total staff costs (including Directors' emoluments) were approximately HK$29 million for the Financial Year (2020: HK$38 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$0.3 million listed investments as at 31 December 2021 (2020: HK$0.7 million).

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

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

Charges of assets

As at 31 December 2021, the Group did not have any charges on its assets (2020: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2021 (2020: Nil).

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. GAO Ran, aged 30, was appointed as an executive Director, the chairman of the Board and the chairman of the executive committee of the Company on 4 December 2020. He is currently the chairman of 深圳市全球基金管理有限公司 (Shenzhen Global Fund Management Co., Ltd.*) and an executive director and vice chairman of Xinyang Maojian Group Limited (stock code: 362), a company listed on the main board of the Stock Exchange. He was a non-executive director of Lapco Holdings Limited (stock code: 8472), a company listed on GEM of the Stock Exchange, from 22 July 2020 to 20 November 2020. Mr. Gao has extensive experience in fund investment and asset management, corporate strategy, corporate finance and business development and management. From June 2013 to September 2015, he was the chairman of 長春市厚德房地產經紀有限公司 (Changchun Houde Real Estate Brokerage Co., Ltd.*). He also served as the Chairman of 長春市海眾房地產經紀有限公司 (Changchun Haizhong Real Estate Brokerage Co., Ltd.*) from October 2011 to May 2012. Mr. Gao was recognized as 中國金融行業十佳領軍人物 (Top Ten Leaders in China's Financial Industry*), 吉林省傑出領軍人物 (Outstanding Leader of Jilin Province*)and 吉林省十大傑出青年 (Top Ten Outstanding Youth in Jilin Province*) and 90後風險投資第一人 (First Person in Venture Capital after 90s*) by 北京鑒優品質量認證中心 (Beijing General Evaluation and Certification Center*) and 北京審信核信企業信用評估中心 (Beijing Evaluation and Assessment Center for Enterprise Creditability*) in 2017, 2018 and 2019 respectively. Mr. Gao is pursuing a course with The PBC School of Finance of Tsinghua University (清華大學五道口金融學院).

Mr. AN Xilei, aged 42, was appointed as an executive Director on 1 December 2016. At present, Mr. An is also the deputy chairman of the Board, a member of the executive committee, the chairman of the corporate governance committee and an authorised representative (pursuant to Rule 5.24 of the GEM Listing Rules) of the Company. He was the chairman of the Board from 1 December 2016 to 12 January 2018 and from 25 July 2018 to 4 December 2020 respectively. Mr. An is currently the chairman and chief executive officer of 深圳市百獸控股有限公司 (Shenzhen Baishou Holding Co., Ltd*) 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. WONG Hong Gay Patrick Jonathan, aged 57, 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 designated 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. He is also a director of certain subsidiaries of the Company. 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 three decades 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. MOCK Wai Yin, aged 49, 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. He is also a director of certain subsidiaries 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Chi Keung Alan, aged 58, 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. Mr. Chan is an independent non-executive director, and a member of each of the audit committee and nomination committee of Changyou Alliance Group Limited (formerly known as 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 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, and prior to that, he 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; an Honorary Legal Advisor of each of Community Careage Foundation Limited, a charitable organization with objectives to relief sickness, physical and mental disability of poor elderlies in the community; and Tong Sam Charity Association with objectives to build schools and provide other educational support to children in need. Mr. Chan is a Council Member of the China Overseas Friendship Association, Beijing, China; legal advisor of the Hong Kong Chiu Chow Community Organizations Limited and the Overseas Teo Chew Entrepreneurs Association Limited.

Ms. LAU Mei Ying, aged 39, 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 was an executive director of PacRay International Holdings Limited (stock code: 1010) from 31 August 2017 to 14 April 2021; and an independent non-executive director of Boill Healthcare Holdings Limited (stock code: 1246) from 15 July 2015 to 17 July 2017.

Mr. WONG Man Hong, aged 36, was appointed as an independent non-executive Director, the chairman of each of the audit committee, remuneration committee and nomination committee of the Company on 16 July 2021. Mr. Wong graduated from the City University of Hong Kong with a Bachelor's degree of Business Administration in Accounting. He has been a fellow member of the Hong Kong Institute of Certified Public Accountants since 2011. Mr. Wong has extensive experience in the fields of accounting, auditing and financing. He started his career and served as a manager in PricewaterhouseCoopers, and has been taking up senior positions in various companies listed on the Main Board of the Stock Exchange engaging in operation of P2P internet financing platform, securities trading, money lending and new energy business. He is currently the financial controller of DeTai New Energy Group Limited (stock code: 559). He was an independent non-executive director of Asia Pacific Silk Road Investment Company Limited (now known as Zhong Ji Longevity Science Group Limited, stock code: 767) from 23 June 2020 to 31 December 2020.

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

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 2021, 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 then in force, except where otherwise stated. Noting the amendments to the Corporate Governance Code and the related GEM Listing Rules which came into effect on 1 January 2022, the Board shall review and update its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code as in force from time to time.

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 2021.

BOARD OF DIRECTORS

Composition and Responsibilities

The Board comprised the following directors during the year ended 31 December 2021 and up to the date of this report:

Executive Directors:
Mr. GAO Ran *(Chairman)*
Mr. AN Xilei *(Deputy Chairman)*
Mr. WONG Hong Gay Patrick Jonathan *(CEO)*
Mr. MOCK Wai Yin
Mr. WANG Jun (resigned on 10 March 2021)

Independent Non-executive Directors:
Mr. CHAN Chi Keung Alan
Ms. LAU Mei Ying
Mr. LEE Chi Hwa Joshua (resigned on 9 July 2021)
Mr. WONG Man Hong (appointed on 16 July 2021)

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" of this report. 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 Director") (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 2021, the Board has convened ten meetings (including four regular Board meetings but excluding the committee meetings) that required directors' attendance in person or through electronic means of communication.

Directors' Attendance at Board/General Meetings

During the year ended 31 December 2021, the Company has held two general meetings (including the annual general meeting for 2021). The individual attendance record of each Director at the meetings of the Board and general meetings is as follows:

	Number of Board meetings attended/held	Number of general meetings attended/held
Executive Directors:		
Mr. GAO Ran	9/10	2/2
Mr. AN Xilei	10/10	2/2
Mr. WONG Hong Gay Patrick Jonathan	8/10	2/2
Mr. MOCK Wai Yin	8/10	2/2
Mr. WANG Jun (resigned on 10 March 2021)	2/2	N/A
Independent Non-executive Directors:		
Mr. CHAN Chi Keung Alan	10/10	2/2
Ms. LAU Mei Ying	9/10	2/2
Mr. LEE Chi Hwa Joshua (resigned on 9 July 2021)	4/6	2/2
Mr. WONG Man Hong (appointed on 16 July 2021)	3/3	N/A

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 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. Gao Ran and 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 operations of the Group.

Term of Appointment and Re-election of Directors

Each of the following executive Directors, who are currently serving the Board, has entered into a service contract or letter of appointment with the Company. Mr. Gao Ran ("Mr. Gao") 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. As disclosed in the Company's announcement dated 26 November 2021, the Company and Mr. Gao entered into a service contract of even date, conditional upon the granting of work permit or employment visa by the Immigration Department of the Government of the Hong Kong Special Administrative Region for his employment with the Company. However, as the above application was not completed at the end, Mr. Gao's service contract with the Company lapsed automatically. Notwithstanding of the above, his letter of appointment with the Company remains valid and in force. Mr. An Xilei has entered into a service contract with the Company terminable by either party giving not less than three months' notice in writing served by either party on the other. Mr. Wong Hong Gay Patrick Jonathan has entered into a service contract with the Company for an initial fixed term of one year and shall continue thereafter until terminated by not less than six months' notice in writing served by either party on the other. Mr. 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, who are currently serving the Board, 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 Ms. Lau Mei Ying and Mr. Wong Man Hong 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.

In accordance with Article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy on the Board shall hold office only until the first general meeting of Members after his appointment and shall be subject to re-election at such meeting. Accordingly, Mr. Wong Man Hong retired at the extraordinary general meeting of the Company convened on 22 March 2022 and was successfully re-elected at such meeting. 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 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. The Directors to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Accordingly, Mr. Mock Wai Yin, Mr. Chan Chi Keung Alan ("Mr. Chan") and Ms. Lau Mei Ying shall retire by rotation at the 2022 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. Mr. Chan, who was appointed as Independent Non-executive Director of the Company since June 2011, has been serving as Independent Non-executive Director for more than nine years. Mr. Chan is also a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr. Chan has been providing objective and independent views to the Company during his tenure of office and remains committed to his independent role, taking into consideration of his independent scope of works in the past years and he has not been engaging in executive management of the Group, the Board considers Mr. Chan to be independent under the GEM Listing Rules despite of the fact that he has been serving the Company for more than nine years. His further appointment should be subject to separate resolution to be approved by shareholders.

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 during the Financial Year by the Directors who are currently serving the Board is set out below:

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

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)* (resigned on 9 July 2021)
Mr. WONG Man Hong *(Chairman)* (appointed on 16 July 2021)
Mr. CHAN Chi Keung Alan
Ms. LAU Mei Ying

During the Financial Year, the Audit Committee has held five 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)* (resigned on 9 July 2021)	2/2
Mr. WONG Man Hong *(Chairman)* (appointed on 16 July 2021)	3/3
Mr. CHAN Chi Keung Alan	5/5
Ms. LAU Mei Ying	5/5

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 report of the Company;

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

– recommended the re-appointment of the auditors; and

– met with the external auditors and reviewed audit fees, nature and scope of the audit, reporting obligations and other relating matters before commencement of audit for the Financial Year.

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)* (resigned on 9 July 2021)
Mr. WONG Man Hong *(Chairman)* (appointed on 16 July 2021)
Mr. CHAN Chi Keung Alan
Ms. LAU Mei Ying

During the Financial Year, the Remuneration Committee has held two 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)* (resigned on 9 July 2021)	N/A
Mr. WONG Man Hong *(Chairman)* (appointed on 16 July 2021)	2/2
Mr. CHAN Chi Keung Alan	2/2
Ms. LAU Mei Ying	2/2

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)* (resigned on 9 July 2021)
Mr. WONG Man Hong *(Chairman)* (appointed on 16 July 2021)
Mr. CHAN Chi Keung Alan
Ms. LAU Mei Ying

During the Financial Year, the Nomination 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)* (resigned on 9 July 2021)	N/A
Mr. WONG Man Hong *(Chairman)* (appointed on 16 July 2021)	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:

- evaluated and made recommendation on individuals nominated for directorship;
- 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 2022 Annual General Meeting of the Company for re-election.

Following resignation Mr. Lee Chi Hwa Joshua ("Mr. Lee") as an independent non-executive Director, the Chairman of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company on 9 July 2021, the Company appointed Mr. Wong Man Hong as an independent non-executive Director and the chairman of each of the Audit Committee, Nomination Committee and Remuneration Committee on 16 July 2021 to fill in the casual vacancies caused by the resignation of Mr. Lee, since then, the Company was in compliance with the requirements of Rules 5.05, 5.28 and 5.34 of the GEM Listing Rules.

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 casual 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. GAO Ran *(Chairman)*
Mr. AN Xilei
Mr. WANG Jun (resigned on 10 March 2021)

During the Financial Year, the Executive Committee has dealt with matters in accordance with the delegated authority pursuant to the terms of reference of the Executive Committee and held four meetings accordingly. In order to make timely decision for the Company's policies and businesses, approval has also been sought by circulation of resolutions in writing from time to time. The attendance of each of its members is set out below:

Name of member	Number of meetings attended/held	Written resolutions
Mr. GAO Ran *(Chairman)*	4/4	1/1
Mr. AN Xilei	4/4	1/1
Mr. WANG Jun (resigned on 10 March 2021)	1/1	N/A

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 Yongtuo Fuson CPA Limited ("Yongtuo Fuson") as the external auditors. The fee in respect of annual audit services provided by Yongtuo Fuson for the Financial Year amounted to approximately HK$850,000 (2020: HK$800,000). The fee in respect of non-audit services provided by Yongtuo Fuson for the Financial Year was 200,000 (2020: nil).

The reporting responsibilities of Yongtuo Fuson are set out in the Independent Auditors' Report on pages 65 to 160.

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 2021.

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 2022 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, 29 March 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE AND REPORTING

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

The core businesses of the Group are principally engaged in (i) financial services; and (ii) provision of OOH advertising services during the year ended 31 December 2021.

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" section 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 2021.

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	41
	Greenhouse Gas Emission	43
A2. Use of Resources	Energy Consumption	44
	Water Consumption and use of Packaging materials	45
A3. The Environment and Natural Resources	Environmental Impact Management	46
A4. Climate Change	Climate-related Issues	47
B. Society		
B1. Employment	Employee Benefits and Equal Opportunities Policies	48
B2. Health and Safety	Occupational Health and Safety	49
B3. Development and Training	Staff Development and Training	50
B4. Labor Standards	Prevention of Child Labor or Forced Labor	50
B5. Supply Chain Management	Environmental and Social Risk Management of Supply Chain	51
B6. Product Responsibility	Quality and Safety of Products and Services	52
	Intellectual Property Management	52
	Social Moral Standards	52
B7. Anti-Corruption	Prevention of Corruption and Fraud	53
B8. Community Investment	Contributions to Society	54

During the year ended 31 December 2021, 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

Policy

The businesses of the Group, which mainly involves (i) financial services; and (ii) provision of OOH advertising services, 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 2021 and 2020, 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.

Compliance with Relevant Laws that have Significant Impact

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 2021 and 2020, 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.

Performance of the Group on pollution control has not given rise to any serious concern from the Group or government departments. No breach of statutory requirements or penalties have been recorded in the Reporting Period.

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. The consumption volume generated by the Group is shown as below:

For the year ended 31 December 2021:

Non-hazardous waste category	Quantity	Unit	Intensity — Unit per employee
Paper	0.2	Tonnes	0.004
Toner cartridge	8.4	Pieces	0.152

For the year ended 31 December 2020:

Non-hazardous waste category	Quantity	Unit	Intensity — Unit per employee
Paper	0.3	Tonnes	0.004
Toner cartridge	9.2	Pieces	0.130

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 2021, the Group's total GHG emissions amounted to approximately 37.9 (2020: 46.1) tonnes and the total GHG emission per employee was 0.70 (2020: 0.66) tonne/employee. The detailed summary of the GHG emission is shown as below:

GHG Performance Summary

For the year ended 31 December 2021:

GHG Scope (in carbon dioxide equivalent)	Tonnes	Intensity — Tonnes per employee
Direct GHG emission (Scope 1) — petrol consumption	8.2	0.16
Indirect GHG emission (Scope 2) — electricity consumption	28.5	0.52
Other indirect GHG emission (Scope 3) — paper and water consumption	1.2	0.02
Total GHG emission	37.9	0.70

For the year ended 31 December 2020:

GHG Scope (in carbon dioxide equivalent)	Tonnes	Intensity — Tonnes per employee
Direct GHG emission (Scope 1) — petrol consumption	9.6	0.14
Indirect GHG emission (Scope 2) — electricity consumption	35.2	0.50
Other indirect GHG emission (Scope 3) — paper and water consumption	1.3	0.02
Total GHG emission	46.1	0.66

The Group has implemented a number of measures to mitigate energy consumption such as turning off the lighting and air-conditioning 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.

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.

On top of complying with the general disclosure requirement of Aspect A1, we have complied with the KPI requirement, while the exception is summarized below:

"Comply or explain" Provisions		
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Not applicable

A2. Use of Resources

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.

The Group's consumption in petrol and electricity is shown as below:

For the year ended 31 December 2021:

Energy Type	**Quantity**	**Unit**	**Intensity — Unit per employee**
Petrol	3,040	litre	55.27
Electricity	40,953	kWh	744.60

For the year ended 31 December 2020:

Energy Type	Quantity	Unit	Intensity — Unit per employee
Petrol	3,554	litre	50.06
Electricity	50,510	kWh	711.40

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 2021 and 2020, the Group does not consume significant water in its business activities and thus does not have significant issue in sourcing water. 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 for finish products. 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, while the exception is summarized below:

"Comply or explain" Provisions		
KPI A2.5	Total packaging material used for finished products.	Not applicable

A3. Environment and Natural Resources

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 2021 and 2020, the Group has not found any non-compliance with laws and regulations in respect of the environment and natural resources.

A4. Climate Change

Addressing climate change risks

The current major climate-related hazards affecting the Group mainly include typhoons and rainstorms especially in the summers. The Group recognizes that climate change has been affecting different dimensions of our stakeholders, business operations and our community. Principally, the Group aims to ensure smooth business operations even during such conditions and to mitigate the risks and impacts posed to the Group. The Group has been closely monitoring the impact of climate change to mitigate these potential risks as follows in this Reporting Period:

The Group is fully aware of the risks brought forth by climate change, especially the extreme weather conditions such as typhoons and rainstorms which may endanger the health and safety of employees. Therefore, we have developed comprehensive typhoon and rainstorm arrangements to safeguard the health and safety of our employees under extreme weather conditions. The work arrangements cover the arrangements in respect of reporting for duty, early release from work, the resumption of work, and the special arrangements in respect of essential staff in times of adverse weather. The Group also gives consideration as much as possible to the different situations faced by individual employees, such as their place of residence, the road and traffic conditions in the vicinity, and adopt a sympathetic and flexible approach with due regard to their actual difficulties and needs. For example, the Group adopts a staggered release schedule for employees, giving priority to those who live in remote places where public transport is not easily accessible. Meanwhile, the Human Resources Department will remind and keep employees updated on the latest weather condition through emails under extreme weather condition.

For the policy risks from climate-related hazards, the impact of the potential government policy risk is relatively low since the Group's carbon footprint is minimal.

For the legal risks from climate-related hazards, the Group was not aware of any climate change related litigations from third parties and any life or property loss caused by climate-related hazards in this Reporting Period.

B. SOCIETY

B1. Employment

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 2021 and 2020, 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.

Compliance with Relevant Laws that have Significant Impact

No employment laws and regulation in the areas in which the Group operates have significant direct impact on the Group. Nevertheless, the Group maintains a policy of strict compliance with all employment laws and regulations. The human resources department is responsible for this compliance through its recruitment process and ensures that all existing benefits, welfare and employment terms are in accordance with local laws and regulations

During the year ended 31 December 2021 and 2020, the Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

At the year ended 31 December 2021, the Group has 55 employees who are full-time employees and has no part-time employee. The Group considered that gender and geographical region are two material factors to analyses the diversity of the workforce:

By gender	Workforce	Turnover Rate
Male	54.5%	31.8%
Female	45.5%	21.9%
By region		
Hong Kong	78.2%	24.6%
Singapore	21.8%	36.8%

B2. Health and Safety

Occupational Health and Safety Policies

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.

Compliance with Relevant Laws that have Significant Impact

During the year ended 31 December 2021 and 2020, 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 2021 and 2020, the Group was not aware of any non-compliance with the health and safety laws and regulations, and the Group did not record any injury cases and loss of man days. Human resource department investigates and analyses every case and implements correspondence preventive measures if necessary.

B3. Development and Training

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. On-job practical trainings are offered to employee to equip them with the relevant skill sets to enable them to provide quality and efficient services to customers.

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.

The Group encourages lifelong learning at all employee level with no age, gender and geographic restrictions as the contributions of its employees are of prime importance to its success. The Group organised various training programmes, including communication skills training, on-job practical training, experience sharing workshops, focus groups of occupational safety and health, round-table discussion of contingency planning, and group management of Code of Conduct. The programmes aim to equip the Group's employees with the right skills and attitude to reach their potential and to become more efficient and prepared to deliver the best quality services to customers and stakeholders.

B4. Labour Standards

Policy

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.

Compliance with Relevant Laws that have Significant Impact

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 2021 and 2020, 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

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.

In addition, due to the nature of principal business, the Group did not have physical raw materials for production or finished goods for sales to be purchased and therefore the environmental and social risk from supply chain management are limited. Regarding the procurement of office supplies and services, the Group's procurement department is responsible for organising the supplier evaluation work in two ways which include the ongoing evaluation and the annual assessment of vendors' background and news search. 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 would compare at least three different companies for material procurement, 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 would obtain understanding on suppliers in various aspects including occupational health and safety, employee rights protection, environmental protection and corporate social responsibility. This ensures that our operations comply with appropriate 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

Policy

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.

During the reporting period, the Group had neither experienced any recovery product due to safety and health issue, nor received any complaint regarding our products and 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 2021 and 2020, 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 regulations, the Group regularly checks the content of its advertising program production activities. The Group is committed to providing positive messages for the community. Content such as violence, pornography, hatred, superstition, gambling, etc. is strictly forbidden.

Data Protection and Privacy

Data security threats continue to escalate in the digital era, making data privacy and security a material issue for both the Group and its customers. We remain vigilant to security breaches, monitor privacy and security risks to enhance our ability to mitigate them.

We implement appropriate electronic and managerial measures to safeguard personal and commercial data, including encrypting sensitive data, using firewalls and allowing only authorised employees to access data for permitted business functions. We strictly abide by the requirements of the Personal Data (Privacy) Ordinance of Hong Kong and all relevant regulations worldwide.

Compliance with Relevant Laws that have Significant Impact

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, and similar laws and regulations in Hong Kong and Singapore.

During the year ended 31 December 2021 and 2020, the Group was not aware of any non-compliance with relevant laws and regulations related to product responsibility.

B7. Anti-Corruption

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.

Compliance with Relevant Laws that have Significant Impact

There is a mandatory disclosure of any conflict of interest. The Group encourages the highest standard of integrity in their employees and require compliance with the relevant national anti-bribery laws and regulations. Transactions involving large monetary sums are processed through banks which require authorized signatories as well as triggering due diligence. Internal control systems in the Group regarding money transactions are considered effective and adequate, with the report of the independent auditor offering no adverse comment on this aspect.

During the year ended 31 December 2021 and 2020, the Group was not aware of any non-compliance with relevant laws and regulations related to anti-corruption.

B8. Community Investment

Contributions to Society

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

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

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

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

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in Note 24 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 2021 is set out in Note 7 to the Consolidated Financial Statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 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" section 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 41 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 2021 are set out in the Consolidated Financial Statements on pages 73 to 75.

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 (2020: 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.

CAPITAL RAISING

On 27 January 2021, the Company announced its proposal for a rights issue of four rights shares for every one existing share held by qualifying Shareholders at HK$0.142 per rights share to issue a total of 229,418,448 rights shares and to raise gross proceeds of approximately HK$32.58 million (the "2021 Rights Issue"). However, the ordinary resolution regarding the 2021 Rights Issue was not passed by the independent shareholders of the Company at the extraordinary general meeting held on 22 March 2021. Details of the 2021 Rights Issue are disclosed in the Company's announcements dated 27 January 2021, 26 February 2021, 22 March 2021 and its circular dated 1 March 2021 respectively.

On 30 April 2021, the Company announced a share placement under general mandate to issue 11,448,000 new shares at HK$0.22 per placing share. However, the share placement was not proceeded to completion. Details of the proposed share placement as referred to above are disclosed in the Company's announcements dated 30 April 2021 and 14 May 2021 respectively.

On 21 January 2022, the Company announced its proposal for the Rights Issue of three rights shares for every one existing share held by qualifying Shareholders at HK$0.38 per rights share to issue a total of 172,063,836 rights shares and to raise gross proceeds of approximately HK$65.38 million. The Rights Issue was approved by the independent Shareholders of the Company at the extraordinary general meeting held on 22 March 2022. Details of the Rights Issue are disclosed in the Company's announcements dated 21 January 2022, 4 March 2022 and 22 March 2022 and its circular dated 3 March 2022 respectively.

SHARE CAPITAL

Details of movements in share capital of the Company during the Financial Year are set out in Note 34 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 44 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2021, 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$159,188,000 (2020: HK$178,687,000).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 20% of the total sales for the Financial Year and sales to the largest customer included therein amounted to approximately 5%. Purchases from the Group's five largest suppliers accounted for approximately 42% of the total purchases for the Financial Year and purchases from the largest supplier included therein amounted to approximately 15%.

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 18 to the Consolidated Financial Statements.

BORROWING

As at 31 December 2021, the Group did not have any charges on its assets (2020: Nil).

DIRECTORS

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

Executive Directors:
Mr. GAO Ran *(Chairman)*
Mr. AN Xilei *(Deputy Chairman)*
Mr. WONG Hong Gay Patrick Jonathan *(CEO)*
Mr. MOCK Wai Yin
Mr. WANG Jun (resigned on 10 March 2021)

Independent Non-executive Directors:
Mr. CHAN Chi Keung Alan
Ms. LAU Mei Ying
Mr. LEE Chi Hwa Joshua (resigned on 9 July 2021)
Mr. WONG Man Hong (appointed on 16 July 2021)

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.

In accordance with Article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy on the Board shall hold office only until the first general meeting of Members after his appointment and shall be subject to re-election at such meeting. Accordingly, Mr. Wong Man Hong retired at the extraordinary general meeting of the Company convened on 22 March 2022 and was successfully re-elected at such meeting.

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 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. The Directors to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Accordingly, Mr. Mock Wai Yin, Mr. Chan Chi Keung Alan ("Mr. Chan") and Ms. Lau Mei Ying shall retire by rotation at the 2022 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.

Mr. Chan, who was appointed as Independent Non-executive Director of the Company in June 2011, has been serving as Independent Non-executive Director for more than nine years. Mr. Chan is also a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Chan has been providing objective and independent views to the Company during his tenure of office and remains committed to his independent role, taking into consideration of his independent scope of work in the past years, confirmation of independence received by the Company and he has not been engaging in executive management of the Group, given his perspective, extensive professional experience and expertise contributing to the Company and the Board throughout his years of service, the Board considers Mr. Chan to be independent under the GEM Listing Rules despite that he has been serving the Company for more than nine years, and believes that he will remain committed to his independent role and continue to contribute to the Company and the Board with his relevant experience and knowledge. His further appointment should be subject to a separate resolution to be approved by the Shareholders at the coming 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.

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.

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, who are currently serving the Board, has entered into a service contract or letter of appointment with the Company. Mr. Gao Ran ("Mr. Gao") 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. As disclosed in the Company's announcement dated 26 November 2021, the Company and Mr. Gao entered into a service contract of even date, conditional upon the granting of work permit or employment visa by the Immigration Department of the Government of the Hong Kong Special Administrative Region for his employment with the Company. However, as the above application was not completed at the end, Mr. Gao's service contract with the Company lapsed automatically. Notwithstanding of the above, his letter of appointment with the Company remains valid and in force. Mr. An Xilei has entered into a service contract with the Company terminable by either party giving not less than three months' notice in writing served by either party on the other. Mr. Wong Hong Gay Patrick Jonathan has entered into a service contract with the Company for an initial fixed term of one year and shall continue thereafter until terminated by not less than six months' notice in writing served by either party on the other. Mr. 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, who are currently serving the Board, 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 Ms. Lau Mei Ying and Mr. Wong Man Hong 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 2021 were as below pursuant to Rule 17.50A(1) of the GEM Listing Rules:

Notwithstanding any provisions in their service contract or letter of appointment with the Company, in view of the adversity caused by the outbreak of the COVID-19 pandemic during the Financial Year, the following Executive Directors, namely Mr. An Xilei and Mr. Wang Jun (resigned on 10 March 2021), have agreed to suspend their salaries starting from January 2020 until agreed and confirmed otherwise by the parties concerned; while the following Independent Non-executive Directors, Mr. Chan Chi Keung Alan, Ms. Lau Mei Ying and Mr. Lee Chi Hwa Joshua (resigned on 9 July 2021), have agreed to adjust their monthly director's fee from HK$20,000 to HK$10,000 with effect from 1 March 2020 on a temporary basis, until agreed and confirmed otherwise by the parties concerned. The above arrangement with the named Directors has been continuing during the Financial Year up to the date of this annual report. For details of emoluments of Directors for the Financial Year, please refer to Note 15 to the Consolidated Financial Statements.

DIRECTORS' BIOGRAPHY

The biographical details of the Directors are disclosed in the section headed "Directors' Profile" 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 14 and 15 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 2021, 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 39 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 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.

Both the Pre-IPO Share Option Scheme and the Share Option Scheme were expired on 26 March 2021. No further options can be granted thereafter but options remaining outstanding after the end of the scheme period shall remain in full force and effect in accordance with the terms and conditions of the respective schemes.

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 result of the rights issue completed in May 2016, the share consolidation completed in November 2016, the rights issue completed in September 2017 and the share consolidation which became effective on 5 June 2020. As at 1 January 2021, there were outstanding and unexercised options under the Pre-IPO Share Option Scheme which entitled holders thereof to subscribe for 25,688 shares at the exercise price of HK$55.160 per share in accordance with the terms and conditions of the Pre-IPO Share Option Scheme. On 27 July 2021, all 25,688 options under the Pre-IPO Share Option Scheme lapsed and were cancelled in accordance with its terms and conditions. As at 31 December 2021, there were no outstanding options under the Pre-IPO Share Option Scheme remained outstanding and unexercised.

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 result of the rights issue completed in May 2016, the share consolidation completed in November 2016, the rights issue completed in September 2017 and the share consolidation which became effective on 5 June 2020. As at 1 January 2021, there were outstanding and unexercised options under the Share Option Scheme which entitled holders thereof to subscribe for 18,848 shares at the exercise price of HK$55.540 per share in accordance with the terms and conditions of the Share Option Scheme. On 19 December 2021, all 18,848 options under the Share Option Scheme lapsed and were cancelled in accordance with its terms and conditions. As at 31 December 2021, there were no outstanding options under the Share Option Scheme remained outstanding and unexercised.

During the Financial Year, the Company has not granted any options under the Pre-IPO Share Option Scheme and the Share Option Scheme, nor adopted any new share option scheme.

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

					Number of share options						
Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Outstanding at 1 January 2021	Granted during the Year	Exercised during the Year	Cancelled/ lapsed during the Year	Outstanding at 31 December 2021	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 2021
Directors											
Mr. Wong Hong Gay Patrick Jonathan	20 Dec 11	Note 1	20 Dec 11 – 19 Dec 21	HK$55.540	4,281	–	–	4,281	–	HK$0.72	–
Mr. Chan Chi Keung Alan	20 Dec 11	Note 1	20 Dec 11 – 19 Dec 21	HK$55.540	4,281	–	–	4,281	–	HK$0.72	–
Employees	20 Dec 11	Note 1	20 Dec 11 – 19 Dec 21	HK$55.540	10,286	–	–	10,286	–	HK$0.72	–
	30 Jun 11	Note 2	28 Jul 11 – 27 Jul 21	HK$55.160	25,688	–	–	25,688	–	N/A	–
Total					44,536	–	–	44,536	–		

Additional particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in Note 36 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 57,354,612 shares in issue as at 31 December 2021.

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.

The Company will review from time to time the remuneration and reward system with reference to market norms and determine the need to adopt the share option scheme in the future.

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

Save as disclosed below, as at 31 December 2021, no Directors or chief executive of the Company had or was deemed to have interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the required standard of dealings by the Directors:

Long Positions in the Ordinary Shares of HK$0.01 each in the Company (the "Shares"), Underlying Shares and Debentures of the Company

Name of Directors	Nature of interests	Number of Shares held	Number of underlying shares held	Total	Approximate % of shareholding in the Company *(Note 2)*
Mr. An Xilei *(Note 1)*	Beneficial owner	6,800,000	–	6,800,000	11.86%

Notes:

1. On 16 September 2021, Profit Cosmo Group Limited ("PCG") transferred 17,000,000 Shares to its beneficial owners, namely Mr. Liu Yanhong and Mr. An Xilei ("Mr. An") according to their respective shareholding percentages in PCG for nil consideration, which resulted in 6,800,000 Shares transferred to Mr. An.

2. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 57,354,612 Shares in issue as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

Save as disclosed below, as at 31 December 2021, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies (other than a Director or a chief executive of the Company) had an interest or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long Positions in the Shares and Underlying Shares

Name of Shareholders	Nature of interests	Number of Shares held	Approximate % of shareholding in the Company *(Note 2)*
Mr. Liu Yanhong *(Note 1)*	Beneficial owner	5,160,000	9.00%

Notes:

1. On 16 September 2021, PCG transferred 17,000,000 Shares to its beneficial owners, namely Mr. Liu Yanhong ("Mr. Liu") and Mr. An according to their respective shareholding percentages in PCG for nil consideration, which resulted in 10,200,000 Shares transferred to Mr. Liu. Mr. Liu subsequently disposed of 5,040,000 Shares in aggregate on the market on 22 October 2021 and 25 October 2021 respectively.

2. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 57,354,612 Shares in issue as at 31 December 2021.

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 in this annual report.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from 26 May 2022 (Thursday) to 31 May 2022 (Tuesday), both dates inclusive, during which period no transfer of shares in the Company shall be registered. In order to qualify for attending the forthcoming annual general meeting of the Company, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 25 May 2022 (Wednesday).

AUDITOR

The Company's financial statements for the year ended 31 December 2019 were audited by Zenith CPA Limited ("Zenith").

Zenith resigned as the auditor of the Company with effect from 22 December 2020 as no consensus can be reached on the audit fee of the Company for the financial year ended 31 December 2020, and Yongtuo Fuson CPA Limited was appointed by the Directors as the new auditor of the Company with effect from 22 December 2020 to fill the casual vacancy following the resignation of Zenith.

The Company's financial statements for the years ended 31 December 2020 and 2021 were audited by Yongtuo Fuson CPA Limited.

A resolution for re-appointment of Yongtuo Fuson CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

By order of the Board
Cornerstone Financial Holdings Limited

Gao Ran
Chairman and Executive Director

Hong Kong, 29 March 2022

INDEPENDENT AUDITOR'S REPORT

永拓富信會計師事務所有限公司
YONGTUO FUSON CPA LIMITED

To The Shareholders of Cornerstone Financial Holdings Limited
基石金融控股有限公司
(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 73 to 162, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 2021, 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
Impairment assessments of property, plant and equipment and right-of-use assets	
As at 31 December 2021, the carrying amounts of the Group's property, plant and equipment and right-of-use assets were HK$1,850,678 and HK$19,043,193, respectively which accounted for around 9% to the total assets of the Group as at 31 December 2021 that are mainly related to the assets arising from the Group's advertising and media activities. The management of the Group has performed impairment assessments of the property, plant and equipment and right-of-use assets at the end of the reporting period. When indication of possible impairment has been identified, recoverable amount is determined based on the higher of fair value less cost of disposal or value-in-use calculation of each cash-generating unit, in which the property, plant and equipment and right-of-use assets were allocated to. We have identified the impairment assessments on property, plant and equipment and right-of-use assets as a key audit matter because of their significance to the consolidated financial statements as a whole and the involvement of a significant degree of judgements and estimates made by the management of the Group when performing impairment assessments.	Our procedures in relation to the impairment assessments of property, plant and equipment and right-of-use assets included: • We have reviewed the management's judgements and estimates used in determining the indication of possible impairment and its impairment testing on the property, plant and equipment and right-of-use assets. • We have discussed and reviewed the impairment assessments prepared by the management of the Group, including the identification of possible impairment and the impairment testing. For the impairment testing, we have reviewed the underlying data and assumptions used in the calculation of fair value less cost of disposal or value-in-use of the respective cash-generating unit as recoverable amount, including the future revenue growth rates and operating costs for the following years and pre-tax discount rates. We have compared those underlying data and assumptions used to the historical data and other available market sources.
Impairment assessment of margin loans receivable	
As at 31 December 2021, the Group had margin loans receivable of HK$80,756,554 which accounted for around 34% to the total assets of the Group as at 31 December 2021 that are mainly related to the Group's financial services activities. The impairment assessment is dependent upon management's significant judgements and high level of estimation uncertainty, which includes making key assumptions and selecting inputs, including probabilities of default rates, expected recovery rates from loss given default, forward-looking information and macroeconomic environment. We have identified the determination of impairment assessment of margin loans receivable as a key audit matter because of their significant to the consolidated financial statements as a whole and the involvement of a significant degree of management judgement and estimation and may be subject to management bias.	Our procedures in relation to the impairment assessment of margin loans receivable included: • We have inquired the management to understand the approach applied on ECL model of margin loans receivable. • We have reviewed the judgement and estimates used by the management in the impairment assessment process and challenged the reasonableness of the key assumptions and inputs apply on the ECL model, including probability of default rates, expected recovery rates from loss given default, forward-looking information and macroeconomic environment. • We have performed recalculation based on the above key assumptions and input data to ensure the accuracy of the ECL amount of margin loans receivable.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 of the Company and Audit Committee 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 of the Company 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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, 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.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism 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 of the Company.

- Conclude on the appropriateness of the Company's 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 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 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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 Fok Tat Choi.

Yongtuo Fuson CPA Limited
Certified Public Accountants
Fok Tat Choi
Practising Certificate Number P06895
Hong Kong, 29 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK$	2020 HK$
Revenue	*6*	**56,133,391**	50,973,229
Cost of services		**(19,093,629)**	(18,502,449)
Gross profit		**37,039,762**	32,470,780
Other income	*8*	**2,183,143**	7,637,217
Other gains and losses, net	*9*	**(4,316)**	(6,162,762)
Reversal of impairment losses (impairment losses) recognised, net	*11*	**1,921,259**	(28,518,085)
Administrative expenses		**(52,329,552)**	(61,816,394)
Finance costs	*10*	**(1,259,109)**	(1,230,547)
Share of results of an associate		**–**	–
Loss before tax		**(12,448,813)**	(57,619,791)
Income tax expenses	*12*	**(1,852,431)**	(1,578,470)
Loss for the year	*13*	**(14,301,244)**	(59,198,261)
Other comprehensive expenses for the year:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating of foreign operations		**(46,500)**	(35,045)
Other comprehensive expenses for the year, net of tax		**(46,500)**	(35,045)
Total comprehensive expenses for the year		**(14,347,744)**	(59,233,306)
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(15,541,192)**	(58,082,647)
– Non-controlling interests		**1,239,948**	(1,115,614)
		(14,301,244)	(59,198,261)
Total comprehensive (expenses)/income for the year attributable to:			
– Owners of the Company		**(15,587,250)**	(58,119,309)
– Non-controlling interests		**1,239,506**	(1,113,997)
		(14,347,744)	(59,233,306)
Loss per share			
Basic and diluted *(HK cents)*	*17*	**(27.10)**	(101.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	2021 HK$	2020 HK$
Non-current assets			
Property, plant and equipment	*18*	**1,850,678**	3,037,986
Right-of-use assets	*19*	**19,043,193**	25,551,466
Intangible assets	*20*	**–**	–
Film deposits and rights	*21*	**–**	–
Deposits, prepayments and other receivables	*26*	**1,273,317**	1,671,306
Interest in an associate	*22*	**–**	–
Pledged bank deposits	*29*	**358,639**	364,233
Goodwill	*23*	**2,780,482**	2,780,482
		25,306,309	33,405,473
Current assets			
Margin loan receivables	*25*	**80,756,554**	114,514,399
Trade and other receivables	*26*	**18,048,054**	13,649,953
Equity investments at fair value through profit or loss	*27*	**305,448**	686,400
Cash held on behalf of brokerage clients	*28*	**14,242,395**	5,640,062
Cash and cash equivalents	*29*	**101,768,143**	83,173,600
		215,120,594	217,664,414
Current liabilities			
Trade and other payables	*30*	**22,691,576**	19,365,711
Accounts payable to brokerage clients	*31*	**14,240,031**	5,640,062
Lease liabilities	*19*	**10,755,639**	11,915,045
Contract liabilities	*32*	**2,527,793**	3,527,080
Income tax payable		**316,706**	134,779
		50,531,745	40,582,677
Net current assets		**164,588,849**	177,081,737
Total assets less current liabilities		**189,895,158**	210,487,210

	Notes	2021 HK$	2020 HK$
Non-current liabilities			
Lease liabilities	*19*	**19,246,326**	25,490,634
		19,246,326	25,490,634
NET ASSETS		**170,648,832**	184,996,576
Capital and reserves			
Share capital	*34*	**573,546**	573,546
Reserves		**151,741,224**	167,328,474
Shareholders' equity		**152,314,770**	167,902,020
Non-controlling interests	*37*	**18,334,062**	17,094,556
TOTAL EQUITY		**170,648,832**	184,996,576

The consolidated financial statements on pages 73 to 162 were approved and authorised for issue by the board of directors on 29 March 2022 and are signed on its behalf by:

Gao Ran	**An Xilei**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company								
	Share capital	Share premium*	Capital reserve*	Exchange reserve*	Share option reserve*	Accumulated losses*	Sub-total	Non-controlling interests (Note 37)	Total equity
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1 January 2020	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
Loss for the year	–	–	–	–	–	(58,082,647)	(58,082,647)	(1,115,614)	(59,198,261)
Other comprehensive income/(expenses) for the year:									
– Exchange difference arising on translating of foreign operations	–	–	–	(36,662)	–	–	(36,662)	1,617	(35,045)
Total comprehensive expenses for the year	–	–	–	(36,662)	–	(58,082,647)	(58,119,309)	(1,113,997)	(59,233,306)
Capital reduction (note 34(ii))	(114,135,678)	–	–	–	–	114,135,678	–	–	–
At 30 December 2020 and 1 January 2021	**573,546**	**552,932,232**	**(176,467,450)**	**(1,311,905)**	**2,020,536**	**(209,844,939)**	**167,902,020**	**17,094,556**	**184,996,576**
(Loss)/profit for the year	**–**	**–**	**–**	**–**	**–**	**(15,541,192)**	**(15,541,192)**	**1,239,948**	**(14,301,244)**
Other comprehensive income/(expenses) for the year:									
– Exchange difference arising on translating of foreign operations	**–**	**–**	**–**	**(46,058)**	**–**	**–**	**(46,058)**	**(442)**	**(46,500)**
Total comprehensive (expenses)/income for the year	**–**	**–**	**–**	**(46,058)**	**–**	**(15,541,192)**	**(15,587,250)**	**1,239,506**	**(14,347,744)**
Lapsed of share options# (note 35)	**–**	**–**	**–**	**–**	**(2,020,536)**	**2,020,536**	**–**	**–**	**–**
At 31 December 2021	**573,546**	**552,932,232**	**(176,467,450)**	**(1,357,963)**	**–**	**(223,365,595)**	**(152,314,770)**	**18,334,062**	**170,648,832**

* These amounts comprise the consolidated reserves of HK$151,741,224 (2020: HK$167,328,474) in the consolidated statement of financial position.

During the year ended 31 December 2021, all of the Company's share options were lapsed and the Company transferred the related reserve from the "share option reserve" to "accumulated losses" (see note 35).

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(12,448,813)**	(57,619,791)
Adjustments for:		
Interest income	**(933)**	(442,760)
Finance costs	**1,259,109**	1,230,547
Depreciation of property, plant and equipment	**1,256,596**	3,694,920
Depreciation of right-of-use assets	**9,279,812**	16,060,202
Gain on termination of lease contracts	**–**	(81,497)
(Gain) loss on disposal of property, plant and equipment	**(222,000)**	1,267
Rent concession	**(4,725,930)**	(3,863,237)
Fair value loss of equity investments at fair value through profit or loss	**380,952**	6,383,520
(Reversal of impairment loss) impairment loss of margin loans receivable, net	**(5,010,826)**	14,345,778
Impairment loss of right-of-use assets	**2,694,530**	11,378,220
Impairment loss of property, plant and equipment	**304,470**	2,816,032
Impairment loss of interest in an associate	**–**	87,673
Impairment loss (reversal of impairment loss) of trade receivables, net	**90,567**	(109,618)
Operating loss before working capital changes	**(7,142,466)**	(6,118,744)
(Increase) decrease in trade and other receivables	**(4,198,789)**	20,122,965
Decrease in margin loans receivable	**38,768,671**	33,329,756
(Increase) decrease in cash held on behalf of brokerage clients	**(8,602,334)**	3,297,904
Increase (decrease) in trade and other payables	**3,376,039**	(1,671,888)
Increase (decrease) in accounts payable to brokerage clients	**8,599,969**	(8,544,798)
(Decrease) increase in contract liabilities	**(978,140)**	1,804,112
Cash generated from operations	**29,822,950**	42,219,307
Income tax paid	**(1,682,215)**	(3,879,059)
Income tax refund	**12,508**	–
Net cash generated from operating activities	**28,153,243**	38,340,248

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 HK$	2020 HK$
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(386,206)**	(3,249,794)
Interest received	**933**	442,760
Proceeds from disposals of property, plant and equipment	**222,000**	–
Net cash used in investing activities	**(163,273)**	(2,807,034)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	**(9,348,927)**	(13,225,743)
Net cash used in financing activities	**(9,348,927)**	(13,225,743)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**18,641,043**	22,307,471
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**83,173,600**	60,901,172
Effect of foreign exchange rate changes, net	**(46,500)**	(35,043)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**101,768,143**	83,173,600
ANALYSIS OF CASH AND CASH EQUIVALENTS, represented by:		
Bank and cash balances	**102,126,782**	83,537,833
Less: Pledged bank deposits	**(358,639)**	(364,233)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**101,768,143**	83,173,600

1. GENERAL INFORMATION

Cornerstone Financial Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Room 802, 8th Floor, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong.

During the year, the Group was involved in the following principal activities (i) provision of financial services, mainly include securities dealings and brokerage services and margin financing services; and (ii) provision of advertising and media services, including film development, production and distribution; and (iii) retail of skin care products (business was ceased during the year ended 31 December 2019 which remains inactive during the year ended 31 December 2021).

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 24 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the financial statements:

Amendments to HKFRS 16	*Covid-19-Related Rent Concessions*
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest rate benchmark reform — phase 2*

In addition, the Group has early applied Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021, which is effective for annual periods beginning on or after 1 April 2021.

Except as described below, the application of the amendment to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Impacts on application of Amendment to HKFRS 16, Covid-19-Related Rent Concessions and early application of Amendment to HKFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the Amendment to HKFRS 16, Covid-19-Related Rent Concessions and early applied the Amendment to HKFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021 in the current year retrospectively such that as lessee it was not required to assess whether rent concession occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met.

During the year, certain lessors agreed to waive/reduce lease payments on several leases in the Group's land and buildings and outdoor billboard space beyond 30 June 2021. The Group has derecognised the part of lease liabilities that have been extinguished using the discount rates originally applied to these leases respectively, resulted in a decrease in lease liabilities of HK$4,725,930, which have been recognised as variable lease payments in profit or loss for the current year.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	*Insurance Contracts and related Amendments*[2]
Amendments to HKFRS 3	*Reference to Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Amendment to HKFRSs	*Annual Improvements to HKFRSs 2018 – 2020 cycle*[1]

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measures at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(b) Business combinations or asset acquisitions

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combinations or asset acquisitions (Continued)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits*, respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

(d) Investment in an associate

An associate is an entity over which the Group has 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 results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investment in an associate (Continued)

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(e) Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Revenue from contracts with customers (Continued)

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

a) Revenue from advertising and media services are recognised over the scheduled period on a straight-line basis over the broadcast period.

b) 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.

c) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Revenue from contracts with customers (Continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

(f) Leases

Definition of a lease

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.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments included:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessor so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as a lessee (Continued)

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

(g) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interests as appropriate).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Borrowing costs

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

(i) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

(j) Employee benefits

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

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.

Short-term and employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity by the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Taxation (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(l) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intellectual properties

Separately acquired rights to use intellectual properties are shown at historical cost. Rights to use intellectual properties 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.

(o) Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

(p) Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

(q) Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than goodwill) (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(r) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for margin loans receivable and trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial Instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income from margin financing which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets
Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Amortised cost and interest income
Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial Instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets including margin loans receivable, trade receivables and other receivables which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for margin loans receivable and trade receivables without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial Instruments (Continued)

Financial assets (Continued)

(i) *Significant increase in credit risk (Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial Instruments (Continued)

Financial assets (Continued)

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Also, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial Instruments (Continued)

Financial assets (Continued)

(v) *Measurement of and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

For financial assets, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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 ECL. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL 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 that is available without undue cost or effort.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial Instruments (Continued)

Financial assets (Continued)

General approach

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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 ECL 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 ECL

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 ECL

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 ECL

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial Instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and accounts payable to brokerage clients are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Cash and cash equivalents

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are no restricted as to use.

(t) Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

When share options granted are vested, the amount previously recognised in share option reserve will be transferred to accumulated losses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties

(i) A person, or a close member of that person's family, is related to the group if that person:

(1) has control or joint control over the group;

(2) has significant influence over the group;

(3) is a member of the key management personnel of the group or the group's parent.

(ii) An entity is related to the group if any of the following conditions applies:

(1) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(6) The entity is controlled or jointly controlled by a person identified in (i) above.

(7) A person identified in (i)(1) above 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).

(8) 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 group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Determination on the lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);

- the extent of leasehold improvements undertaken by Group;

- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the 'Group's needs);

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets.

As at 31 December 2021, the carrying amount of goodwill is HK$2,780,482 (2020: HK$2,780,482). Details of the recoverable amount calculation are disclosed in note 23.

Provision of ECL for trade receivables

The Group uses a provision of matrix to calculate ECL 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 and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in circumstances and of forecast general economic conditions and the selection of forward-looking macroeconomic scenarios. The information about the ECL and the Group's trade receivables are disclosed in note 41 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.

As at 31 December 2021, the carrying amount of trade receivables net of allowance for credit losses amounted to is HK$11,748,607 (2020: HK$9,553,826).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment assessment of margin loans receivables

The Group calculates the ECL of receivables from margin clients based on the assessments considering the probability of default, expected recovery rates from loss given default, forward-looking information and macroeconomic environment as well as the fair value of the collateral pledged by the customers to the margin loans receivable. Further details are set out in note 25 to the consolidated financial statements.

As at 31 December 2021, the carrying amount of margin loans receivables net of allowance for credit losses amounted to is HK$80,756,554 (2020: HK$114,514,399).

Impairment assessments of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate.

When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2021, the carrying amount of property, plant and equipment and right-of-use assets amounted to HK$1,850,678 and HK$19,043,193, respectively (2020: HK$3,037,986 and HK$25,551,466, respectively) and details of which are set out in notes 18 and 19, respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

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 4 to the consolidated financial statements. Prior to 31 December 2019, 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, full 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 nil in prior years.

Further details are set out in note 21 to the consolidated financial statements.

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).

6. REVENUE

An analysis of revenue from operations is as follows:

	2021 **HK$**	2020 HK$
Revenue from contract with customers	**46,403,143**	37,947,210
Revenue from other sources		
– Interest income from margin financing	**9,730,248**	13,026,019
	56,133,391	50,973,229

All of the Group's revenue from other sources – interest income from margin financing was generated in Hong Kong.

Details of the Group's accounting policies on revenue recognition are set out in 4(e) to the consolidated financial statements.

6. REVENUE (Continued)

(i) Disaggregated revenue information from operation (excluding the revenue from other sources

	Advertising and media		Financial services		Total	
	2021 HK$	2020 HK$	**2021 HK$**	2020 HK$	**2021 HK$**	2020 HK$
Types of good or services						
Advertising and media services						
– direct sales channel	**17,261,165**	17,985,114	**–**	–	**17,261,165**	17,985,114
– agency sales channel	**26,150,969**	19,595,109	**–**	–	**26,150,969**	19,595,109
Commission and fee income on securities dealing and broking	**–**	–	**2,991,009**	366,987	**2,991,009**	366,987
	43,412,134	37,580,223	**2,991,009**	366,987	**46,403,143**	37,947,210
Geographical markets						
– Hong Kong	**24,470,646**	20,507,971	**2,991,009**	366,987	**27,461,655**	20,874,958
– Singapore	**18,941,488**	17,072,252	**–**	–	**18,941,488**	17,072,252
Segment revenue	**43,412,134**	37,580,223	**2,991,009**	366,987	**46,403,143**	37,947,210
Timing of revenue recognition						
At a point of time	**–**	–	**2,991,009**	366,987	**2,991,009**	366,987
Over time	**43,412,134**	37,580,223	**–**	–	**43,412,134**	37,580,223
	43,412,134	37,580,223	**2,991,009**	366,987	**46,403,143**	37,947,210

(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.

7. OPERATING SEGMENTS

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 each operating segment.

For management purposes, during the years ended 31 December 2020 and 2021, the Group had the following operating segments:

- Advertising and media
- Financial services, mainly include securities dealings and brokerage business and margin financing business
- Retail of skin care products (note below)

Note: The Company ceased its retail of skin care products business during the year ended 31 December 2019 which remains inactive during the year ended 31 December 2021.

The CODM regularly review segment revenue, segment results, segment assets and segment liabilities analysis. In the current year, the measurement of segment results of the Group have been revised as detailed below as the CODM believes the current measurement of segments result could provide better summary to them in reviewing the Group's operating performance and making decision in resource allocation. Accordingly, the comparative figures of the segment results have been restated for the purpose of presenting segment information.

7. OPERATING SEGMENTS (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from operations by reportable segments:

	Advertising and media HK$	Financial services HK$	Retail of skin care products HK$	Unallocated HK$	Total HK$
For the year ended 31 December 2021					
Segment revenue	43,412,134	12,721,257	–	–	56,133,391
Segment results	(7,993,637)	8,983,854	(37,308)	–	952,909
Corporate and unallocated income					2,559,779
Corporate and unallocated expenses					(15,961,501)
Loss before tax					(12,448,813)
Segment assets	51,471,950	183,102,570	40,482	–	234,615,002
Corporate and other unallocated assets					5,811,901
Total assets					240,426,903
Segment liabilities	46,735,596	16,788,639	109	–	63,524,344
Corporate and other unallocated liabilities					6,253,727
Total liabilities					69,778,071
Other segment information					
Impairment loss of trade receivables, net	(90,567)	–	–	–	(90,567)
Impairment loss of property, plant and equipment	(304,470)	–	–	–	(304,470)
Impairment loss of right-of-use assets	(2,694,530)	–	–	–	(2,694,530)
Reversal of impairment loss of margin loans receivables, net	–	5,010,826	–	–	5,010,826
Fair value loss on equity investment at FVTPL	–	(380,952)	–	–	(380,952)
Depreciation of property, plant and equipment	(1,194,344)	(29,974)	–	(32,278)	(1,256,596)
Depreciation of right-of-use assets	(7,772,617)	(989,471)	–	(517,724)	(9,279,812)
Capital expenditure	(378,816)	(7,390)	–	–	(386,206)

7. OPERATING SEGMENTS (Continued)

Segment revenue and results (Continued)

	Advertising and media HK$	Financial services HK$	Retail of skin care products HK$	Unallocated HK$	Total HK$
For the year ended 31 December 2020					
Segment revenue	37,580,224	13,393,005	–	–	50,973,229
Segment results	(33,349,315)	(10,960,471)	(26,171)	–	(44,335,957)
Corporate and unallocated income					7,859,242
Corporate and unallocated expenses					(21,143,076)
Loss before tax					(57,619,791)
Segment assets	51,060,207	197,034,456	272,284	–	248,366,947
Corporate and other unallocated assets					2,702,940
Total assets					251,069,887
Segment liabilities	53,390,938	9,431,847	110	–	62,822,895
Corporate and other unallocated liabilities					3,250,416
Total liabilities					66,073,311
Other segment information					
Impairment loss of an associate	(87,673)	–	–	–	(87,673)
Reversal of impairment loss of trade receivables, net	109,618	–	–	–	109,618
Impairment loss of property, plant and equipment	(2,816,032)	–	–	–	(2,816,032)
Impairment loss of right-of-use assets	(11,378,220)	–	–	–	(11,378,220)
Impairment loss of margin loans receivables	–	(14,345,778)	–	–	(14,345,778)
Fair value loss on equity investment at FVTPL	–	(6,383,520)	–	–	(6,383,520)
Depreciation of property, plant and equipment	(2,965,777)	(192,980)	(23,014)	(513,149)	(3,694,920)
Depreciation of right-of-use assets	(12,071,878)	(1,087,383)	–	(2,900,941)	(16,060,202)
Capital expenditure	(3,216,733)	(33,061)	–	–	(3,249,794)

Note: Prior to 1 January 2021, the segment results are measured at the Group's loss before tax from operations except that other income, other gains and losses, reversal of impairment losses/impairment losses, finance costs as well as head office and corporate expenses. However, from 1 January 2021, the segment results are measured at Group's loss before tax except that other income, other gains and losses as well as head office and corporate expenses.

7. OPERATING SEGMENTS (Continued)

Segment revenue and results (Continued)

The segment results are measured at Group's loss before tax except that other income, other gains and losses as well as head office and corporate expense. Corporate and unallocated income mainly include government grants and other corporate income. Corporate and unallocated expenses mainly include staff salaries of headquarter and legal and professional fees and other corporate expenses.

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.

The Group did not have any significant inter-segment sales during the years ended 31 December 2020 and 2021.

Information about major customers

None of the customers accounted for 10% or more of the Group's total revenue for the years ended 31 December 2021 and 2020.

Geographical information

The information about its non-current assets by location of assets are detailed below:

	2021 HK$	2020 HK$
Hong Kong	**20,321,171**	28,879,934
Singapore	**3,353,182**	2,490,000
	23,674,353	31,369,934

8. OTHER INCOME

	2021 HK$	2020 HK$
Government grants (note)	**1,529,450**	4,953,886
Bank interest income	**933**	99,894
Other interest income	**–**	342,866
Production income	**–**	29,100
Services fee income	**–**	1,937,212
Sundry income	**652,760**	274,259
	2,183,143	7,637,217

Note: During the year ended 31 December 2021, the Group recognised government grants of HK$1,529,450 (2020: HK$4,953,886) in respect of Covid-19-related subsidies which relates to Employment Support Scheme provided by the Hong Kong government and the Rental Support Scheme provided by the Singapore Government. Government grants in respect of the Covid-19-related subsidies that were recognised at the time when the Group fulfilled the relevant granting criteria.

9. OTHER GAINS AND LOSSES, NET

	2021 HK$	2020 HK$
Gain on termination of lease contracts	**–**	81,497
Gain (loss) on disposal of items of property, plant and equipment	**222,000**	(1,267)
Fair value loss on equity investment at fair value through profit or loss	**(380,952)**	(6,383,520)
Office rental concession income	**154,636**	140,528
	(4,316)	(6,162,762)

10. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on lease liabilities	**1,259,109**	1,230,547

11. REVERSAL OF IMPAIRMENT LOSSES (IMPAIRMENT LOSSES) RECOGNISED, NET

	2021 HK$	2020 HK$
Net reversal of impairment losses (impairment losses) recognised in respect of:		
– Margin loan receivables	**5,010,826**	(14,345,778)
– Trade receivables	**(90,567)**	109,618
Impairment loss recognised in respect of interest in an associate	**–**	(87,673)
Impairment loss recognised in respect of:		
– Property, plant and equipment	**(304,470)**	(2,816,032)
– Right-of-use assets	**(2,694,530)**	(11,378,220)
	1,921,259	(28,518,085)

Details of impairment assessment are set out in notes 18, 19, 23 and 41.

12. INCOME TAX EXPENSES

Income tax relating to operations has been recognised in profit or loss as following:

	2021 HK$	2020 HK$
Current income tax:		
Hong Kong	**1,846,262**	1,563,148
PRC	**–**	–
Singapore	**–**	–
	1,846,262	1,563,148
Under-provision in prior years:		
Hong Kong	**6,169**	15,322
Income tax expenses	**1,852,431**	1,578,470

12. INCOME TAX EXPENSES (Continued)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years. No provision for EIT has been made for the PRC subsidiary as the PRC subsidiary did not have any assessable profits subject to EIT in the PRC during the year (2020: Nil).

Under Income Tax Act (Chapter 134) of the Singapore, the corporate income tax rate of the Singapore subsidiaries is 17% for both years. No provision for Singapore corporate income tax has been made for the Singapore subsidiaries as they did not have any assessable profits subject to corporate income tax in the Singapore during the year (2020: Nil).

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions for both years.

The reconciliation between the income tax expense from operations and loss before tax multiplied by the income tax rate applicable to respective tax jurisdictions is as follows:

	2021 HK$	2020 HK$
Loss before tax	(12,448,813)	(57,619,791)
Tax calculated at the rates applicable to respective tax jurisdictions	(1,596,223)	(9,556,039)
Tax effect of income that is not taxable	(234,633)	(238,509)
Tax effect of expenses that are not deductible	3,618,410	6,646,109
Under-provision in prior years	6,169	15,322
Tax effect of tax losses not recognised	409,103	4,876,587
Tax effect of utilisation of tax losses previously not recognised	(185,395)	–
Effect of tax concession	(165,000)	(165,000)
Income tax expenses	1,852,431	1,578,470

13. LOSS FOR THE YEAR

The Group's loss for the year from operations is stated after charging the following:

	2021 HK$	2020 HK$
Auditors' remuneration	**850,000**	800,000
Cost of services provided#	**19,093,629**	18,502,449
Depreciation of property, plant and equipment	**1,256,596**	3,694,920
Depreciation of right-of-use assets	**9,279,812**	16,060,202
Exchange gains and losses – net	**32,709**	(122,035)

Covid-19-related rent concessions of HK$4,571,294 (2020:HK$3,722,709) for the billboard spaces of the Group were deducted from costs of services provided.

14. EMPLOYEE BENEFITS EXPENSES

	2021 HK$	2020 HK$
Employee benefits expenses (excluding director's remuneration):		
– Salaries, wages and allowance	**24,611,628**	31,531,925
– Performance related bonuses	**–**	–
– Pension scheme contribution	**1,509,889**	1,958,344
– Other post-employment benefits	**250,936**	1,137,150
	26,372,453	34,627,419

Five highest paid individuals

The five highest paid individuals in the Group during the year included one director (2020: one director), details of whose remuneration are set out in note 15. Details of the remaining four (2020: four) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	2021 HK$	2020 HK$
Salaries, allowances and benefits in kind	**6,742,429**	7,037,336
Performance related bonuses	**–**	–
Equity-settled share-based expense	**–**	–
Pension scheme contribution	**72,000**	69,000
	6,814,429	7,106,336

14. EMPLOYEE BENEFITS EXPENSES (Continued)

Five highest paid individuals (Continued)

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of individuals	
	2021	2020
Nil – HK$1,500,000	**2**	1
HK$1,500,001 – HK$2,000,000	**1**	2
HK$2,000,001 – HK$2,500,000	**–**	–
HK$2,500,001 – HK$3,000,000	**1**	1

During the years ended 31 December 2021 and 2020, no remuneration was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and Chief Executive Officer ("CEO") emoluments

Directors and CEO remuneration for the year, disclosed pursuant to the applicable GEM Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Name of Director	Director's fee HK$	Salaries and allowances HK$	Housing allowance HK$	Performance related bonuses HK$	Employer's contribution to a retirement benefit scheme HK$	Total HK$
During the year ended 31 December 2021						
Executive Directors						
An Xilei	–	–	–	–	–	–
Gao Ran *(Note c)*	–	–	–	–	–	–
Wong Hong Gay Patrick Jonathan *(CEO)*	–	1,382,363	696,000	–	18,000	2,096,363
Mock Wai Yin	–	480,000	–	–	–	480,000
Wang Jun *(Note d)*	–	–	–	–	–	–
Independent Non-executive Directors						
Chan Chi Keung Alan	120,000	–	–	–	–	120,000
Lee Chi Hwa Joshua *(Note a)*	62,580	–	–	–	–	62,580
Wong Man Hong *(Note b)*	55,161	–	–	–	–	55,161
Lau Mei Ying	120,000	–	–	–	–	120,000
Total for 2021	357,741	1,862,363	696,000	–	18,000	2,934,104

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and Chief Executive Officer ("CEO") emoluments (Continued)

Name of Director	Director's fee HK$	Salaries and allowances HK$	Housing allowance HK$	Performance related bonuses HK$	Employer's contribution to a retirement benefit scheme HK$	Total HK$
During the year ended 31 December 2020						
Executive Directors						
An Xilei	–	–	–	–	3,000	3,000
Gao Ran *(Note c)*	–	–	–	–	–	–
Wong Hong Gay Patrick Jonathan *(CEO)*	–	1,816,803	726,000	–	18,000	2,560,803
Mock Wai Yin	–	480,000	–	–	–	480,000
Wang Jun *(Note d)*	–	–	–	–	2,000	2,000
Independent Non-executive Directors						
Chan Chi Keung Alan	140,000	–	–	–	–	140,000
Lee Chi Hwa Joshua	140,000	–	–	–	–	140,000
Lau Mei Ying	140,000	–	–	–	–	140,000
	420,000	2,296,803	726,000	–	23,000	3,465,803

Notes:

a: Resigned on 9 July 2021.

b: Appointed on 16 July 2021.

c: Appointed on 4 December 2020.

d: Resigned on 10 March 2021.

During the year ended 31 December 2021, An Xilei and Wang Jun, the executive directors of the Company, agreed to waive directors' remuneration of HK$600,000 (2020: HK$566,500) and HK$46,452 (2020: HK$231,000), respectively which were deducted in the remuneration as disclosed above. Other than these arrangements, there was no arrangement under which a director and the CEO waived or agreed to waive any remuneration during the year.

The remunerations of directors and the CEO were determined by the remuneration committee having regard to the performance of individuals and market trends.

Fees, salaries and other benefits paid to or for the executive and non-executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

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

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

16. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

17. LOSS PER SHARE

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

	2021 **HK$**	2020 HK$
Loss		
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(15,541,192)**	(58,082,647)

	2021	2020
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**57,354,612**	57,354,612

Note: The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 December 2020 has been adjusted for consolidation of shares on 5 June 2020 (see note 34).

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for both 2021 and 2020. Accordingly, the weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted loss per share are the same as the potential dilutive ordinary shares during the years ended 31 December 2021 and 31 December 2020 which have no dilutive effect.

18. PROPERTY, PLANT AND EQUIPMENT

	LCD monitors HK$	Furniture and office equipment HK$	Computer and equipment HK$	Leasehold improvements HK$	Motor vehicles HK$	Total HK$
31 December 2021						
At 1 January 2021						
Cost	**30,299,694**	**1,547,896**	**6,096,593**	**8,983,190**	**3,900,089**	**50,827,462**
Accumulated depreciation and impairment losses	**(28,012,849)**	**(1,515,985)**	**(5,837,357)**	**(8,950,879)**	**(3,472,406)**	**(47,789,476)**
Net carrying amount	**2,286,845**	**31,911**	**259,236**	**32,311**	**427,683**	**3,037,986**
At 1 January 2021						
Net of accumulated depreciation	**2,286,845**	**31,911**	**259,236**	**32,311**	**427,683**	**3,037,986**
Additions	**330,716**	**–**	**55,490**	**–**	**–**	**386,206**
Depreciation	**(796,007)**	**(19,696)**	**(149,330)**	**(30,763)**	**(260,800)**	**(1,256,596)**
Impairment losses	**(265,186)**	**(1,232)**	**(16,701)**	**–**	**(21,351)**	**(304,470)**
Exchange realignments	**(11,416)**	**(3)**	**(926)**	**(103)**	**–**	**(12,448)**
At 31 December 2021, net of accumulated depreciation and impairment losses	**1,544,952**	**10,980**	**147,769**	**1,445**	**145,532**	**1,850,678**
At 31 December 2021						
Cost	**30,392,768**	**1,541,860**	**5,813,936**	**8,557,436**	**3,190,125**	**49,496,125**
Accumulated depreciation and impairment losses	**(28,847,816)**	**(1,530,880)**	**(5,666,167)**	**(8,555,991)**	**(3,044,593)**	**(47,645,447)**
Net carrying amount	**1,544,952**	**10,980**	**147,769**	**1,445**	**145,532**	**1,850,678**
31 December 2020						
At 1 January 2020						
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
At 1 January 2020						
Net of accumulated depreciation	3,400,807	81,424	861,508	481,678	1,337,971	6,163,388
Additions	3,109,221	6,088	134,485	–	–	3,249,794
Disposal	–	–	(1,267)	–	–	(1,267)
Depreciation	(1,946,919)	(45,702)	(532,162)	(403,100)	(767,037)	(3,694,920)
Impairment losses	(2,416,927)	(9,870)	(204,722)	(41,262)	(143,251)	(2,816,032)
Exchange realignments	140,663	(29)	1,394	(5,005)	–	137,023
At 31 December 2020, net of accumulated depreciation and impairment losses	2,286,845	31,911	259,236	32,311	427,683	3,037,986
At 31 December 2020						
Cost	30,299,694	1,547,896	6,096,593	8,983,190	3,900,089	50,827,462
Accumulated depreciation and impairment losses	(28,012,849)	(1,515,985)	(5,837,357)	(8,950,879)	(3,472,406)	(47,789,476)
Net carrying amount	2,286,845	31,911	259,236	32,311	427,683	3,037,986

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

In accordance with the Group's accounting policies, the Group reviews the carrying amount of its property, plant and equipment to determine whether there is any indication of that these assets have suffered an impairment loss. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made at the reporting period.

During the year ended 31 December 2021, the Group's advertising and media segment recorded a loss due to the continuation of COVID-19 impact. The directors of the Company carried out a review of the recoverable amounts of the property, plant and equipment and right-of-use assets containing in the cash-generating units in the advertising and media segment with reference to a professional valuation based on the basis of value-in-use using discounted cash flow method performed by an independent professional valuer, Masterpiece Valuation Advisory Limited ("Masterpiece") by comparing the carrying values and the recoverable amounts of the CGU of Hong Kong and CGU of Singapore (collectively "CGUs") which are based on certain key assumptions.

The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the advertising and media segment. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the advertising and media segment operate. Budgeted gross margins and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets of the advertising and media segment approved by the directors for the next five years with the residual period using average growth rates of 1.5% and 2.5% (2020: 1.46% and 2.4%), respectively. These rates do not exceed the average long-term growth rates for the relevant markets. The rates used to discount the forecast cash flows from the Group's advertising and media segment are 16.1% and 17.9% (2020: 16.15% and 15.78%), respectively.

Based on the impairment assessment, as at 31 December 2021, the carrying amounts of the CGUs exceeds their recoverable amounts and accordingly, impairment losses of HK$304,470 (2020: HK$ HK$2,816,032) and HK$2,694,530 (2020: HK$11,378,220) were recognised and allocated to property, plant and equipment and right-of-use assets (see note 19), respectively for the year ended 31 December 2021.

19. LEASES

(a) Right-of-use assets

	Land and buildings HK$	**Outdoor billboard space** HK$	**Total** HK$
At 1 January 2021			
Cost	**18,403,489**	**42,750,214**	**61,153,703**
Accumulated depreciation and impairment losses	**(14,970,045)**	**(20,632,192)**	**(35,602,237)**
Net carrying amount	**3,433,444**	**22,118,022**	**25,551,466**
At 1 January 2021			
Net of accumulated depreciation	**3,433,444**	**22,118,022**	**25,551,466**
Additions	**5,473,507**	**–**	**5,473,507**
Deprecation charge *(Note below)*	**(3,588,171)**	**(5,691,641)**	**(9,279,812)**
Impairment losses	**(537,680)**	**(2,156,850)**	**(2,694,530)**
Exchange realignments	**13,159**	**(20,597)**	**(7,438)**
At 31 December 2021, net of accumulated depreciation and impairment losses	**4,794,259**	**14,248,934**	**19,043,193**
At 31 December 2021			
Cost	**18,041,556**	**42,611,357**	**60,652,913**
Accumulated depreciation and impairment losses	**(13,247,297)**	**(28,362,423)**	**(41,609,720)**
Net carrying amount	**4,794,259**	**14,248,934**	**19,043,193**
For the year ended 31 December 2021			
Variable lease payments not included in the measurement of lease liabilities	**–**	**(3,521,801)**	**(3,521,801)**
Expenses relating to short-term leases	**(6,098)**	**(8,545,635)**	**(8,551,733)**

Note: Out of which, an amount of HK$5,691,641 was included in cost of sales and HK$3,588,171 was included in administrative expenses

19. LEASES (Continued)

(a) Right-of-use assets (Continued)

	Land and buildings HK$	Outdoor billboard space HK$	Total HK$
At 1 January 2020			
Cost	16,311,133	30,964,303	47,275,436
Accumulated depreciation	(6,797,031)	(3,903,396)	(10,700,427)
Net carrying amount	9,514,102	27,060,907	36,575,009
At 1 January 2020			
Net of accumulated depreciation	9,514,102	27,060,907	36,575,009
Additions	2,053,341	19,854,134	21,907,475
Deprecation charge *(Note below)*	(7,111,015)	(8,949,187)	(16,060,202)
Termination	–	(5,409,461)	(5,409,461)
Impairment losses	(997,718)	(10,380,502)	(11,378,220)
Exchange realignments	(25,266)	(57,869)	(83,135)
At 31 December 2020, net of accumulated depreciation and impairment losses	3,433,444	22,118,022	25,551,466
As at 31 December 2020			
Cost	18,403,489	42,750,214	61,153,703
Accumulated depreciation and impairment losses	(14,970,045)	(20,632,192)	(35,602,237)
Net carrying amount	3,433,444	22,118,022	25,551,466
For the year ended 31 December 2020			
Variable lease payments not included in the measurement of lease liabilities	–	(8,694,660)	(8,694,660)
Expenses relating to short-term leases	(27,396)	(6,193,851)	(6,221,247)

Note: Out of which, an amount of HK$8,949,187 was included in cost of sales and HK$7,111,015 was included in administrative expenses

19. LEASES (Continued)

(a) Right-of-use assets (Continued)

The Group has lease contracts for land and buildings and outdoor billboard spaces used in its operations. Leases of land and buildings generally have lease terms between 2 and 3 years, while outdoor billboard spaces generally have lease terms between 2 and 5 years. Other land and buildings generally have lease terms of 12 months or less and/or is individually of low value. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

Leases of outdoor billboard spaces are either only variable lease payments or contain variable lease payments that are based on 30% to 60% (2020: 30% to 55%) sales and minimum annual lease payment that are fixed over the lease term. The payment terms are common in the Out-Of-Home advertising industry.

During the year ended 31 December 2020, the Group terminated lease contracts for certain outdoor billboard spaces in Hong Kong and Singapore. The early termination resulted in a gain of HK$81,497, which is the net effect of the derecognition of the carrying amount of right-of-use assets of HK$5,409,461, offsetting the derecognition of corresponding lease liabilities of HK$5,490,958 (2021: Nil).

In addition, in accordance with the Group's accounting policies, the Group reviews the carrying amount of its right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made at the reporting period.

As explained in note 18, at 31 December 2021, the directors of the Company conducted impairment assessments of property, plant and equipment and the right-of-use assets containing in the cash-generating units in the advertising and media segment with reference to a professional valuation based on the basis of value-in-use using discounted cash flow method performed by Masterpiece by comparing the carrying values and the recoverable amounts of the CGUs which are based on certain key assumptions as details in note 18.

Based on the impairment assessment, as at 31 December 2021, the carrying amount of the CGUs exceeds their recoverable amounts and accordingly, impairment losses of HK$2,694,530 (2020: HK$11,378,220) and HK$304,470 (2020: HK$2,816,032) were recognised and allocated to right-of-use assets and property, plant and equipment (see note 18), respectively for the year ended 31 December 2021.

19. LEASES (Continued)

(b) Lease liabilities

	2021 HK$	2020 HK$
Amount analysed as:		
– Non-current	**19,246,326**	25,490,634
– Current	**10,755,639**	11,915,045
	30,001,965	37,405,679
Lease liabilities payable on:		
– Within one year	**10,755,639**	11,915,045
– Within a period of more than one year but not more than two years	**9,453,917**	8,686,283
– Within a period of more than two year but not more than five years	**9,792,409**	16,804, 351
	30,001,965	37,405,679
Less: Amount due for settlement within 12 months shown under current liabilities	**(10,755,639)**	(11,915,045)
Amount due for settlement after 12 months shown under non-current liabilities	**19,246,326**	25,490,634
Interest on lease liabilities	**1,259,109**	1,230,547
Total cash outflow for leases	**9,348,927**	13,225,743
Covid-19 related rent concession from lessors	**4,725,930**	3,863,237
Gain on termination of lease contracts	**–**	81,497

The weighted average incremental borrowing rates applied to lease liabilities range from 0.88% to 12.33% (2020: from 0.88% to 9.28%).

19. LEASES (Continued)

(b) Lease liabilities (Continued)

Lease obligations are denominated in the following currencies:

	2021 HK$	2020 HK$
HK$	**23,968,218**	31,786,219
Singapore dollars ("SG$")	**6,033,747**	5,619,460
	30,001,965	37,405,679

Rent concessions

During the year ended 31 December 2021, lessors of outdoor billboard spaces and office premises provided rent concessions to the Group through rent reductions over one to six months.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$4,725,930 (2020: HK$3,863,237) were recognised as negative variable lease payments, out of which HK$4,571,294 (2020: HK$3,722,709) rental concession for the billboard spaces of the Group were deducted from costs of services provided, and HK$154,636 (2020: HK$140,528) rental concession for the office premises were recognised in the other gains or loss.

20. INTANGIBLE ASSETS

	Rights to use intellectual property Total HK$
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	**960,750**
Accumulated amortisation	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	**(960,750)**
Carrying amount	
At 31 December 2021	–
At 31 December 2020	–

The amount represents separately acquired rights to use intellectual property which is shown at historical cost.

Rights to use intellectual property has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of rights to use intellectual property over its estimated useful lives of 5 years.

The Group's right to use intellectual property was fully amortised in prior years.

21. FILM DEPOSITS AND RIGHTS

	2021 HK$	2020 HK$
Cost	**102,074,882**	102,074,882
Accumulated amortisation and impairment	**(102,074,882)**	102,074,882
	–	–

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

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

21. FILM DEPOSITS AND RIGHTS (Continued)

As disclosed in the Company's announcement for the year ended 31 December 2018, the Group had 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 had 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 of the Company considered that the recoverable amount of film deposits and rights were 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. Since the year ended 31 December 2018 and till to the date of this report, the carrying amount remained zero due to no meaningful or significant development since then.

22. INTEREST IN AN ASSOCIATE

	2021 HK$	2020 HK$
Cost of investment in an associate, Wisefit (as defined below)	**158,749**	158,749
Loan to an associate	**1,091,251**	1,091,251
Share of post-acquisition results and other comprehensive income, net of dividend received	**(369,829)**	(369,829)
Accumulated impairment of interest in an associate	**(880,171)**	(880,171)
	–	–

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

Particulars of Wisefit as at 31 December 2021 and 2020 are as follows:

Name of associates	Place of establishment and principal place of operation	Form of business structure	Attributable interest and proportion of voting power held by the Group Directly	Indirectly	Principal activities
Wisefit Smooth Limited ("Wisefit")	British Virgin Islands ("BVI")/Hong Kong	Limited liability company	–	36.00%	Retail of fruit drink in Hong Kong

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

Movements in the interests in Wisefit are as follows:

	2021 HK$	2020 HK$
At the beginning of the year	**–**	87,673
Share of loss of Wisefit	**–**	–
Impairment loss recognised	**–**	(87,673)
	–	–

22. INTEREST IN AN ASSOCIATE (Continued)

During the year ended 31 December 2020, Wisefit has commenced its process of striking-off and thus, the directors of the Company are of the view that the recoverable amount of the Group's interests in Wisefit will be minimum and thus, the Group recognised the full impairment loss of HK$87,673 during the year ended 31 December 2020. Till to the date of this report, the striking-off process has not yet been completed and there was no movement of the Group's interest in Wisefit for the year ended 31 December 2021.

Wisefit is accounted for using the equity method.

	2021 **HK$**	2020 HK$
Aggregate carrying amount of the Group's associate that are not individually material	**–**	–
Aggregate amounts of the Group's share of:		
Loss for the year	**–**	–
Other comprehensive income	**–**	–
Total comprehensive expense	**–**	–

23. GOODWILL

	2021 **HK$**	2020 HK$
Cost		
At 1 January and 31 December	**2,780,482**	2,780,482
Accumulated impairment losses		
At 1 January and 31 December	**–**	–
Net carrying amount		
At 31 December	**2,780,482**	2,780,482

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

With reference to a valuation performed by Masterpiece, the directors of the Company assessed the impairment of the Group's goodwill. The recoverable amount of the CGU has been determined by value in use approach adopted by Masterpiece, based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

23. GOODWILL (Continued)

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 5% (2020: 5%) with reference to the past performance and its expectation for market development;
- Discount rate of 10.8% (2020: 10.04%) is used with reference to the current market data for the relevant industry and comparable companies; and
- Terminal growth rate of 2.4% (2020: 2.4%) is used with reference to the Hong Kong inflation rate beyond the five-year period (2020: four-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 2021 and 2020, based on the Group's annual goodwill impairment test, no impairments were recognised for the goodwill related to securities brokerage CGU since its recoverable amount was greater than its carrying amount.

24. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2021 and 2020 are as follows:

Name	Place of incorporation/ registration and operation	Form of business structure	Particular of issued share capital	Proportion of ownership interest/voting rights/ profit sharing		Principal activities
				2021	2020	
Directly held by the Company						
Focus Media Network Limited	BVI	Limited liability company	10,780,000 ordinary shares of HK$0.01 each	**100%**	100%	Investment holding
Ming Yeung Technology Co., Limited	BVI	Limited liability company	50,000 ordinary shares of US$1 each	**100%**	N/A	Investment holding

24. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31 December 2021 and 2020 are as follows: (Continued)

Name	Place of incorporation/ registration and operation	Form of business structure	Particular of issued share capital	Proportion of ownership interest/voting rights/ profit sharing		Principal activities
				2021	2020	
Indirectly held by the Company						
Focus Media Hong Kong Limited	Hong Kong	Limited liability company	10,000 ordinary shares of HK$1 each	**100%**	100%	Provision of out-of-home advertising services in Hong Kong
Creative Execution Limited	Hong Kong	Limited liability company	10,000 ordinary shares of HK$1 each	**100%**	100%	Provision of out-of-home advertising services in Hong Kong
Focus Media Singapore Pte. Ltd.	Singapore	Limited liability company	5,000 ordinary shares of SG$1 each	**100%**	100%	Provision of out-of-home advertising services in Singapore
Creative Execution (Pte.) Limited	Singapore	Limited liability company	10 ordinary shares of SG$1 each	**100%**	100%	Provision of out-of-home advertising services in Singapore
CNP Cosmetics Singapore Pte. Limited	Singapore	Limited liability company	1,000 ordinary shares of SG$1 each	**100%**	100%	Retail of skin care products in Singapore
Cosmeceutical Inc. Pte. Limited	Singapore	Limited liability company	1,000 ordinary shares of SG$1 each	**100%**	100%	Retail of skin care products in Singapore
Ricco Media Investments Limited	BVI	Limited liability company	1 ordinary share of US$1 each	**100%**	100%	Investment holding in United States
Stan Lee Global Entertainment LLC	United States ("US")	Limited liability company	Nil	**75%**	75%	Film development, production and distribution in US
Magic Storm Entertainment LLC	US	Limited liability company	US$3,000,000	**75%**	75%	Film development, production and distribution in US
Cornerstone Securities Limited	Hong Kong	Limited liability company	261,000,000 ordinary shares of HK$1 each	**91.19%**	91.19%	Securities brokerage business in Hong Kong
Cornerstone Asset Management Limited	Hong Kong	Limited liability company	10,000,000 ordinary shares of HK$1 each	**91.19%**	91.19%	Asset management business in Hong Kong
Glory Creator Limited	BVI	Limited liability company	1 ordinary share of HK$1 each	**100%**	100%	Investment holding
Hongkong Ming Yeung Technology Co., Limited	Hong Kong	Limited liability company	10,000 ordinary shares of HK$1 each	**100%**	N/A	Investment holding

24. INVESTMENTS IN SUBSIDIARIES (Continued)

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.

None of the subsidiaries had issued any debt securities during both years and at the end of both years.

25. MARGIN LOAN RECEIVABLES

	2021 **HK$**	2020 HK$
Margin loan receivables	**90,091,506**	128,860,177
Less: Allowance for credit losses	**(9,334,952)**	(14,345,778)
At 31 December	**80,756,554**	114,514,399

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 2021, advances to customers in margin financing of HK$90,091,506 (2020: HK$128,860,177) were secured by securities pledged by the customers to the Group as collateral with undiscounted market value of HK$284,760,859 (2020: HK$112,583,194).

No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis is not meaningful in view of the nature of the business of securities margin financing.

Details of impairment assessment of margin loans receivable are set out in note 41.

26. TRADE AND OTHER RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	**11,916,330**	9,658,534
Less: Allowance for credit losses	**(167,723)**	(104,708)
Trade receivables – net *(note (a) below)*	**11,748,607**	9,553,826
Prepayments, other receivables and other assets *(note (b) below)*	**7,572,764**	5,767,433
	19,321,371	15,321,259
Less: Non-current portion:		
Rental deposit	**(568,317)**	(966,306)
Deposit with Hong Kong Exchanges and Clearing Limited	**(705,000)**	(705,000)
	(1,273,317)	(1,671,306)
Current portion	**18,048,054**	13,649,953

Notes:

(a) Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The following is an ageing analysis of trade receivables as at the end of reporting period, net of allowance for credit loss presented based on invoice date, is as follows:

	2021 HK$	2020 **HK$**
Within 30 days	**4,774,900**	4,646,394
31 to 60 days	**2,709,987**	2,777,638
Over 60 days	**4,263,720**	2,129,794
	11,748,607	9,553,826

26. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) Prepayments, other receivables and other assets

	2021 HK$	2020 HK$
Prepayments	**3,108,327**	408,652
Rental deposits	**1,986,933**	2,995,582
Other deposits	**1,091,835**	1,172,869
Deposit with Hong Kong Exchanges and Clearing Limited	**705,000**	705,000
Other taxes receivables	**197,829**	285,418
Other receivables	**448,458**	165,530
Due from non-controlling interest (Note below)	**34,382**	34,382
	7,572,764	5,767,433

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

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

	2021 HK$	2020 HK$
HK$	**12,396,494**	9,640,317
Singapore dollars ("SG$")	**6,563,437**	5,680,942
Renminbi ("RMB")	**361,440**	–
	19,321,371	15,321,259

Details of impairment assessment of trade and other receivables are set out in note 41.

27. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at fair value through profit or loss:

	2021 HK$	2020 HK$
Listed securities held for trading:		
Equity securities listed in the Stock Exchange	**305,448**	686,400

The Group's financial assets at fair value through profit or loss represents the Group's equity investments in ordinary shares of entities listed on the Stock Exchange. As at 31 December 2021 and 2020, the fair value of the financial assets at fair value through profit or loss is based on the bid price quoted in the Stock Exchange at the end of the reporting period.

The Group's financial assets at fair value through profit or loss are denominated in HK$.

28. 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 (see note 31). 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 recognized 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.

29. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2021 HK$	2020 HK$
Cash and bank balances	**102,126,782**	83,537,833
Less: Pledged bank deposits *(Note below):*		
Non-current portion	**(358,639)**	(364,233)
Cash and cash equivalents	**101,768,143**	83,173,600

Note: As at 31 December 2021, a bank deposit of HK$358,639 (2020: HK$364,233) was pledged to a bank for a guarantee issued by the bank and will be expired after one year from the end of the reporting period, thus, reclassified to non-current assets.

29. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS (Continued)

Bank balances earn 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.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$268,509 (2020: HK$261,592). 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.

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

	2021 HK$	2020 HK$
HK$	**94,097,988**	72,287,831
SG$	**5,616,064**	8,820,781
RMB	**272,312**	265,394
US$	**2,140,418**	2,163,827
	102,126,782	83,537,833

Details of impairment assessment of cash and cash equivalents and pledged bank deposits are set out in note 41.

30. TRADE AND OTHER PAYABLES

	Notes	**2021 HK$**	2020 HK$
Trade payables	*(a)*	**1,250,268**	1,701,431
Accruals		**18,154,094**	14,338,592
Licence fee payable		**37,746**	37,746
Other payables		**1,633,468**	1,671,942
Loan and interest payable to a director	*(b)*	**1,616,000**	1,616,000
		22,691,576	19,365,711

30. TRADE AND OTHER PAYABLES (Continued)

Note:

(a) The trade payables are non-interest bearing and are normally settled from 60 to 90 days.

The following is an ageing analysis of trade payables as at the end of reporting period presented based on invoice date, is as follows:

	2021 HK$	2020 HK$
Within 30 days	**667,975**	1,620,924
31 to 60 days	**392,460**	62,297
Over 60 days	**189,833**	18,210
	1,250,268	1,701,431

(b) The principal amount of HK$1,616,000 (2020: HK$1,616,000) advanced from a director is unsecured, repayable within one year and bearing interest at a rate of 1% from 15 November 2018 to 14 November 2020, then adjusted downward from 1% to interest-free onward from 15 November 2020.

(c) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2021 HK$	2020 HK$
HK$	**14,115,253**	11,389,997
SG$	**4,150,029**	3,944,706
RMB	**392,929**	7,858
US$	**4,033,365**	4,023,150
	22,691,576	19,365,711

31. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	2021 HK$	2020 HK$
Accounts payable to brokerage clients	**14,240,031**	5,640,062

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 (see note 28).

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.

32. CONTRACT LIABILITIES

	2021 HK$	2020 HK$
Contract liabilities arising from:		
– Advertising and media services	**2,527,793**	3,527,080

Contract liabilities represent payment received in advance from customers or payment due from customers for the billings in advance of performance obligation in connection with the Group's advertising and media services. Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current or non-current based on the Group's earliest obligation to transfer services to the customers. As at end of the reporting period, all of the Group's contract liabilities are classified as current.

All contract liabilities are non-interest bearing.

The movements in contract liabilities during the years ended 31 December 2021 and 2020 are as follows:

	2021 HK$	2020 HK$
Balance at 1 January	**3,527,080**	1,722,968
Revenue recognised that was included in the contract liabilities at the beginning of the period	**(3,505,933)**	(1,732,325)
Increase in contract liabilities as a result of payment received in advance from customers or billing in advance of performance obligation	**2,527,793**	3,527,080
Exchange realignments	**(21,147)**	9,357
Balance at 31 December	**2,527,793**	3,527,080

The decrease in balance of contract liabilities was mainly due to the decrease in payment received in advance from customers and billing to customers in advance of performance obligation.

33. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain insignificant deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021 HK$	2020 HK$
Deferred tax assets	**–**	–
Deferred tax liabilities	**–**	–
	–	–

33. DEFERRED TAX ASSETS/LIABILITIES (Continued)

The following are the major deferred tax liabilities and assets authorised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$	Tax loss HK$	Total HK$
At 1 January 2020	38,575	(38,575)	–
Deferred tax charged/(credited) to profit or loss during the year	(38,575)	38,575	–
At 31 December 2020 and 1 January 2021 and 31 December 2021	**–**	**–**	**–**

Deferred income tax assets are authorized for tax loss carry-forwards to the extent that the authorised of the related tax benefit through the future taxable profits is probable. The Group did not recognised deferred tax assets of HK$16,596,931 (2020: HK$16,514,434) in respect of recognised tax losses of HK$99,972,562 (2020: HK$99,470,722). The tax losses can be carried forward against future taxable income with no expiry date.

Other than the above, the directors of the Company consider that the Group did not have any significant unrecognised deferred tax assets or liabilities at the end of the reporting period.

34. SHARE CAPITAL

	2021 HK$	2020 HK$
Authorised:		
50,000,000,000 ordinary shares of HK$0.01 each (2020: 5,000,000,000 ordinary shares of HK$0.1 each)	**500,000,000**	500,000,000
Issued and fully paid:		
57,354,612 ordinary shares of HK$0.01 each (2020: 57,354,612 ordinary shares of HK$0.1 each)	**573,546**	573,546

34. SHARE CAPITAL (Continued)

The movements in authorized and issued share capital of the Company during the year were as follows:

	Authorised shares		Issued shares	
	No. of shares	Total HK$	No. of shares	Total HK$
At 1 January 2020	**5,000,000,000**	**500,000,000**	**1,147,092,240**	**114,709,224**
Share Consolidation	**(4,750,000,000)**	–	**(1,089,737,628)**	–
Share Sub-division	**49,750,000,000**	–	–	–
Capital Reduction	–	–	–	**(114,135,678)**
At 31 December 2020 and 1 January 2021 and at 31 December 2021	**50,000,000,000**	**500,000,000**	**57,354,612**	**573,546**

As described in the Company's circular on 7 May 2020, the Company proposed share consolidation (the "Share Consolidation") and the proposed capital reduction (the "Capital Reduction") of issued shares and sub-division of unissued shares of the Company (the "Share Sub-division"):

(i) Share Consolidation

Every twenty (20) issued and unissued existing shares of par value HK$0.10 each in the share capital of the Company were consolidated into one (1) consolidated share of par value HK$2.00 each in the share capital of the Company.

Upon the Share Consolidation becoming effective, all the consolidated shares rank pari passu in all respects with each other in accordance with the Memorandum and the Articles of the Company.

(ii) Capital Reduction and Share Sub-division

Immediately following the completion of the Share Consolidation, the issued share capital of the Company be reduced by cancelling the paid up capital to the extent of HK$1.99 on each of the then issued consolidated shares such that the par value of each issued consolidated share were reduced from HK$2.00 to HK$0.01.

34. SHARE CAPITAL (Continued)

(ii) Capital Reduction and Share Sub-division (Continued)

Immediately following the completion of the Capital Reduction, each of the authorised but unissued consolidated shares with par value of HK$2.00 each be sub-divided into two hundred (200) new shares of par value HK$0.01 each; and

Each of the new shares arising from the Capital Reduction and the Share Sub-division rank pari passu in all respects with each other each in accordance with the Memorandum and the Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and the Articles of the Company.

The proposed Share Consolidation, Capital Reduction and Share Sub-division were approved by shareholders of the Company at an extraordinary general meeting held on 3 June 2020 and thus 57,354,612 consolidated shares being in issue thereafter. As a result, an amount of HK$114,135,678 has been transferred from the Company's "share capital" account to "accumulated losses" account accordingly.

Details of the Share Consolidation, Capital Reduction and Share Sub-division are described in the Company's circular dated 7 May 2020 and the Company's announcement dated 3 June 2020.

Other than the above, there were no movements of the Company's share capital for the years ended 31 December 2020 and 2021.

35. SHARE-BASED PAYMENT TRANSACTIONS

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.

35. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Pre-IPO share option scheme (Continued)

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 (2020: Nil). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

	2021		2020	
	Weighted average exercise price in HK$ per share option	Number of share options	Weighted average exercise price in HK$ per share option	Number of share options
At 1 January	**55.32**	**44,536**	55.32	44,536
Lapsed during the year	**55.32**	**(44,536)**	–	–
At 31 December	**–**	**–**	55.32	44,536

At 31 December 2020 the Company had 44,536 share options outstanding under the scheme and these were exercisable in full.

The weighted average exercise price of the share options has been adjusted as a result of the Share Consolidation, as further detailed in note 34.

As a result of the Share Consolidation, the number of outstanding options that have been granted under the Pre-IPO Share Option Scheme have been adjusted in accordance with the terms and conditions of the Pre-IPO Share Option Scheme.

During the year ended 31 December 2021, all of the Company's share options were lapsed and the Company transferred the related reserve from the "share option reserve" to "accumulated losses".

36. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme and Central Provident Fund Scheme for all qualifying employees in Hong Kong and Singapore, respectively. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes at rates specified in the rules of these schemes, which contribution is matched by employees.

The total expense recognised in profit or loss of HK$1,509,889 (2020: HK$1,958,344) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2021, contributions of HK$125,824 (2020: HK$165,112) due in respect of the year ended 31 December 2021 had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

37. NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2021	2020
Percentage of equity held by non-controlling interests:		
Stan Lee Global Entertainment LLC ("SLGE")	**25.00%**	25.00%
Cornerstone Securities Limited ("CSL")	**8.81%**	8.81%

	2021 **HK$**	2020 HK$
(Loss)/profit for the year allocated to non-controlling interests:		
SLGE	**(10,786)**	(5,841)
CSL	**1,323,919**	(1,040,550)
Individually immaterial subsidiaries with non-controlling interests	**(73,185)**	(69,223)
	1,239,948	(1,115,614)
Accumulated balances of non-controlling interest at the reporting date:		
SLGE	**(3,413,589)**	(3,402,558)
CSL	**22,087,738**	20,763,819
Individually immaterial subsidiaries with non-controlling interests	**(340,087)**	(266,705)
	18,334,062	17,094,556

37. NON-CONTROLLING INTERESTS (Continued)

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set our below. The summarized financial information below represents amounts before intergroup eliminations.

2021	SLGE HK$	CSL HK$
Revenue	–	12,721,257
Total expenses	(26,922)	(8,588,202)
Loss (Profit) for the year	(10,435)	15,027,451
Total comprehensive expense (income) for the year	(10,435)	15,027,451

	SLGE HK$	CSL HK$
Current assets	2,257,123	293,295,602
Non-current assets	–	1,686,230
Current liabilities	(15,558,133)	(16,624,532)
Non-current liabilities	–	(114,107)
Net cash flows from operating activities	(28,777)	43,424,051
Net cash flows used in investing activities	–	(7,390)
Net cash flows used in financing activities	–	(31,297,844)
Net increase in cash and cash equivalents	(28,777)	12,118,817

2020	SLGE HK$	CSL HK$
Revenue	–	13,393,005
Total expenses	(23,366)	(30,026,182)
Loss for the year	(23,366)	(11,811,006)
Total comprehensive expense for the year	(23,366)	(11,811,006)
Current assets	2,261,841	269,872,383
Non-current assets	–	2,725,092
Current liabilities	(15,518,727)	(8,716,148)
Non-current liabilities	–	(665,586)
Net cash flows (used in) from operating activities	(186,055)	41,242,277
Net cash flows used in investing activities	–	(10,571,284)
Net cash flows used in financing activities	–	(1,107,745)
Net (decrease) increase in cash and cash equivalents	(186,055)	29,563,248

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2021, the Group had non-cash additions to right-of-use assets and corresponding increase of lease liabilities amounted to HK$5,473,507 (2020: HK$21,907,475), in respect of lease arrangements land and buildings and outdoor billboard spaces.

(b) Changes in liabilities arising from financing activities

2021

	Amount due to a director included in trade and other payable HK$	Lease liabilities HK$
At 1 January 2021	1,616,000	37,405,679
Changes from financing cash flows	–	(9,348,927)
New leases	–	5,473,507
Exchange realignments	–	(61,473)
Interest expense	–	1,259,109
Rent concession	–	(4,725,930)
At 31 December 2021	1,616,000	30,001,965

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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

2020

	Amount due to a director included in trade and other payable HK$	Lease liabilities HK$
At 1 January 2020	1,616,000	36,789,810
Changes from financing cash flows	–	(13,225,743)
New leases	–	21,907,475
Exchange realignments	–	57,785
Interest expense	–	1,230,547
Termination of lease contracts	–	(5,490,958)
Rent concession	–	(3,863,237)
At 31 December 2020	1,616,000	37,405,679

39. RELATED PARTY TRANSACTIONS

Saves as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions and balances with related parties during the year.

(a) The Group has an outstanding principal amount of HK$1,616,000 (2020: HK$1,616,000) as at 31 December 2021 due to An Xilei, a director of the Company. Details of which are set out in note 30 to the consolidated financial statements.

(b) As at 31 December 2021, the Group has an outstanding principal amount before impairment of HK$1,091,251 (2020: HK$1,091,251) due to Wisefit Smooth Limited, an associate of the Company. Details of which are set out in note 22 to the consolidated financial statements.

(c) Compensation of key management personnel of the Group

	2021 **HK$**	2020 HK$
Salaries, wages and allowances	**2,220,104**	2,716,803
Pension costs – defined contribution plans	**18,000**	23,000
Performance related bonuses	**–**	–
Other post-employment benefits	**696,000**	726,000
	2,934,104	3,465,803

Further details of directors and the chief executive's remuneration are included in note 15 to the consolidated financial statements.

40. 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:

2021

Financial assets

	Financial assets at fair value through profit or loss HK$	Financial asset at amortised cost HK$	Total HK$
Margin loans receivable	–	80,756,554	80,756,554
Trade receivables	–	11,748,607	11,748,607
Financial assets included in prepayments, other receivables and other assets	–	4,266,608	4,266,608
Equity investments at fair value through profit or loss	305,448	–	305,448
Pledged deposits	–	358,639	358,639
Cash held on behalf of brokerage clients	–	14,242,395	14,242,395
Cash and cash equivalents	–	101,768,143	101,768,143
	305,448	213,140,946	213,446,394

Financial liabilities

	Financial liabilities at amortised cost HK$
Trade payables	1,250,268
Financial liabilities included in other payables	21,441,308
Accounts payable to brokerage clients	14,240,031
Lease liabilities	30,001,965
	66,933,572

40. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2020

Financial assets

	Financial assets at fair value through profit or loss HK$	Financial asset at amortised cost HK$	Total HK$
Margin loans receivable	–	114,514,399	114,514,399
Trade receivables	–	9,553,826	9,553,826
Financial assets included in prepayments, other receivables and other assets	–	5,073,363	5,073,363
Equity investments at fair value through profit or loss	686,400	–	686,400
Pledged deposits	–	364,233	364,233
Cash held on behalf of brokerage clients	–	5,640,062	5,640,062
Cash and cash equivalents	–	83,173,600	83,173,600
	686,400	218,319,483	219,005,883

Financial liabilities

	Financial liabilities at amortised cost HK$
Trade payables	1,701,431
Financial liabilities included in other payables	17,664,280
Accounts payable to brokerage clients	5,640,062
Lease liabilities	37,405,679
	62,411,452

41. 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 of the Company, 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 and impairment assessment

The Group's credit risk is primarily attributable to deposits with banks, trade and other receivables and margin loans receivable, equity instruments 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 arising from contracts with customers

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.

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. The management of the Company determine to assess the impairment of trade receivable in accordance with simplified approach. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

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
At 31 December 2021					
Expected credit loss rate (%)	**0.84%**	**1.08%**	**1.57%**	**3.31%**	**1.41%**
Gross carrying amount (HK$)	**4,814,972**	**2,739,583**	**2,676,145**	**1,685,630**	**11,916,330**
Expected credit losses (HK$)	**40,279**	**29,685**	**41,967**	**55,792**	**167,723**
At 31 December 2020					
Expected credit loss rate (%)	0.03%	0.92%	1.43%	5.89%	1.08%
Gross carrying amount (HK$)	4,598,150	2,853,439	1,184,246	1,022,699	9,658,534
Expected credit losses (HK$)	1,307	26,249	16,887	60,265	104,708

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

	2021 HK$	2020 HK$
At beginning of year	**104,708**	210,990
Written-off as bad debt	**(26,697)**	–
Impairment loss (reversal of impairment loss) of trade receivables, net *(note 11)*	**90,567**	(109,618)
Exchange realignment	**(855)**	3,336
At end of year	**167,723**	104,708

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

Margin loan receivables

At 31 December 2021, 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$284,760,859 (2020: HK$112,585,219) and margin loans receivable amounted to HK$90,091,506 (2020: HK$128,860,177). The maximum exposure to credit risk before collateral held or other credit enhancements approximates to the carrying value.

The management estimates the amount of ECL of margin loan receivables based on the assessments considering the probability of default, expected recovery rates from loss given default, forward-looking information and macroeconomic environment as well as the fair value of the collateral pledged by the customers to the margin loan receivables. Based on above assessments, the management, estimated reversal of impairment regarding ECL for margin loan receivables of HK$9,738,564 (2020: Nil) that was recognised during the year ended 31 December 2021 (2020: impairment loss of HK$14,345,778). The management of the Company determine to assess the impairment of margin loan receivables in accordance with general approach.

The movements in the allowance for credit loss of margin loans receivable are as follows:

	2021 **HK$**	2020 HK$
At the beginning of year	**14,345,778**	–
Reversal of impairment loss of margin loan receivables	**(9,738,564)**	–
Impairment loss of margin loan receivables	**4,727,738**	14,345,778
At the end of year	**9,334,952**	14,345,778

Bank balances and pledged bank deposits

Credit risk on bank balances and pledged bank deposits is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12-month ECL for bank balances and pledged bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12-month ECL on bank balances and pledged bank deposits is considered to be insignificant and therefore no loss allowance was recognised.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL. For the year ended 31 December 2021 and 2020, the Group assessed the ECL for other receivables and deposits. No impairment should be provided for the year ended 31 December 2021 and 31 December 2020.

Maximum exposure and year-end staging

The tables below show 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 2021

	12-month ECL		Lifetime ECL		
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Margin loan receivables	51,632,737	38,458,769	–	–	90,091,506
Trade receivables	–	–	–	11,916,330	11,916,330
Financial assets included in prepayments, other receivables and other assets					
– Normal	4,266,608	–	–	–	4,266,608
Pledged deposits	358,639	–	–	–	358,639
Cash held on behalf of brokerage clients	14,242,395	–	–	–	14,242,395
Cash and cash equivalents	101,768,143	–	–	–	101,768,143
	172,268,522	38,458,769	–	11,916,330	222,643,621

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

As at 31 December 2020

	12-month ECL		Lifetime ECL		
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Margin loan receivables	19,403,032	109,457,145	–	–	128,860,177
Trade receivables	–	–	–	9,658,534	9,658,534
Financial assets included in prepayments, other receivables and other assets – Normal	5,073,363	–	–	–	5,073,363
Pledged deposits	364,233	–	–	–	364,233
Cash held on behalf of brokerage clients	5,640,062	–	–	–	5,640,062
Cash and cash equivalents	83,173,600	–	–	–	83,173,600
	113,654,290	109,457,145	–	9,658,534	232,769,969

(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 and within 1 year HK$	**1 to 5 years HK$**	**Total HK$**	**Carrying amount HK$**
At 31 December 2021				
Trade and other payables	**22,691,576**	**–**	**22,691,576**	**22,691,576**
Accounts payable to brokerage clients	**14,240,031**	**–**	**14,240,031**	**14,240,031**
Lease liabilities	**11,847,532**	**20,062,447**	**31,909,979**	**30,001,965**
At 31 December 2020				
Trade and other payables	19,365,711	–	19,365,711	19,365,711
Accounts payable to brokerage clients	5,640,062	–	5,640,062	5,640,062
Lease liabilities	12,931,762	26,763,015	39,694,777	37,405,679

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at fair value through profit or loss. For equity securities measured at fair value through profit or loss quoted in The Stock Exchange of Hong Kong Limited, the management of the Group considered the risk of this exposure is insignificant as the amount of the investment is immaterial.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis of equity securities with fair value measurement categorised within Level 1, the sensitivity rate is increased to 10% in 2021 as a result of the volatile financial market.

If the prices of the respective equity instruments had been 10% (2020: 10%) higher/lower, the post-tax result for the year ended 31 December 2021 would increase/decrease by HK$30,545 (2020: increase/decrease by HK$68,640) as a result of the changes in fair value of investments at fair value through profit or loss.

42. 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 "amount due to a director" 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 2021 and 2020 were as follows:

	2021 HK$	2020 HK$
Total borrowing	**1,616,000**	1,616,000
Less: Cash and cash equivalents	**(101,768,143)**	(83,173,600)
Net debt	**(100,152,143)**	(81,557,600)
Total equity	**170,648,832**	184,996,576
Total capital	**70,496,689**	103,438,976
Gearing ratio	**2.3%**	1.6%

43. FAIR VALUE MEASUREMENT 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 is 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 2021				
Equity instruments at fair value through profit or loss	**305,448**	**–**	**–**	**305,448**
As at 31 December 2020				
Equity instruments at fair value through profit or loss	686,400	–	–	686,400

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 (2020: Nil). The Group did not have any significant financial liabilities measured at fair value as at 31 December 2021 and 2020.

44. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENTS OF THE COMPANY

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

	2021 **HK$**	2020 HK$
Non-current assets		
Plant and equipment	**–**	11,683
Interests in subsidiaries	**10,946,206**	10,946,197
	10,946,206	10,957,880
Current assets		
Deposits, prepayments and other receivables	**401,005**	1,245,481
Amounts due from subsidiaries	**272,128,292**	253,818,117
Cash and cash equivalents	**939,959**	1,399,130
	273,469,256	256,462,728
Current liabilities		
Accruals and other payables	**4,252,008**	3,242,000
Lease liabilities	**–**	8,311
Amounts due to subsidiaries	**120,401,546**	84,909,521
	124,653,554	88,159,832
Net current assets	**148,815,702**	168,302,896
NET ASSETS	**159,761,908**	179,260,776
Capital and reserves		
Share capital	**573,546**	573,546
Reserves *(Note)*	**159,188,362**	178,687,230
TOTAL EQUITY	**159,761,908**	179,260,776

The statement of financial position of the Company was approved and authorised for issue by the board of directors on 29 March 2022 and are signed on its behalf by:

Gao Ran	**An Xilei**
Director	*Director*

44. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENTS OF THE COMPANY (Continued)

Note:

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

	Share premium HK$	Other reserve HK$	Accumulated losses HK$	Total HK$
At 1 January 2020	552,932,232	2,020,536	(438,470,894)	116,481,874
Capital Reduction (see note 34)	–	–	114,135,678	114,135,678
Loss for the year	–	–	(51,930,322)	(51,930,322)
At 31 December 2020 and 1 January 2021	**552,932,232**	**2,020,536**	**(376,265,538)**	**178,687,230**
Lapsed of share options (see note 35)	**–**	**(2,020,536)**	**2,020,536**	**–**
Loss for the year	**–**	**–**	**(19,498,868)**	**(19,498,868)**
At 31 December 2021	**552,932,232**	**–**	**(393,743,870)**	**159,188,362**

45. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2021 (2020: Nil).

46. EVENTS AFTER REPORTING PERIOD

Proposed Rights issue

As described in the Company's announcement dated 21 January 2022, the board of the Company proposed a rights issue on the basis of three rights shares for every one share held by the shareholders of the Company at the subscription price of HK$0.38 per rights share (the "Right Issue"). The gross proceeds of HK$65.38 million were expected to be raised as a result of the rights issue of a total of 172,063,836 new shares.

The proposed Rights Issue was approved by shareholders of the Company at an extraordinary general meeting held on 22 March 2022.

Details of the above are set out in the announcements of the Company dated 21 January 2022, 4 March 2022 and 22 March 2022 and the circular of the Company dated 3 March 2022, respectively.

47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 March 2022.

基 石 金 融 控 股 有 限 公 司
CORNERSTONE FINANCIAL HOLDINGS LIMITED