TOM Group Limited

Incorporated in the Cayman Islands with Limited Liability
(Stock Code: 2383)

ANNUAL REPORT 2021

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Disclaimer

If there is any inconsistency or conflict between the English and the Chinese versions, the English version shall prevail.

Corporate Information

Board of Directors

Chairman
Frank John Sixt

Executive Director
Yeung Kwok Mung

Non-executive Directors
Chang Pui Vee, Debbie
Lee Pui Ling, Angelina

Independent Non-executive Directors
James Sha
Fong Chi Wai, Alex
Chan Tze Leung

Alternate Director
Lai Kai Ming, Dominic
(Alternate to Frank John Sixt)

Company Secretary
Man Tak Cheung

Authorised Representatives
Yeung Kwok Mung
Man Tak Cheung

Auditor
PricewaterhouseCoopers
(Certified Public Accountants and Registered PIE Auditor)

Audit Committee
Fong Chi Wai, Alex
(Committee Chairman)
James Sha
Lee Pui Ling, Angelina
Chan Tze Leung

Remuneration Committee
Fong Chi Wai, Alex
(Committee Chairman)
Frank John Sixt
Chan Tze Leung

Nomination Committee
James Sha
(Committee Chairman)
Frank John Sixt
Chan Tze Leung

Sustainability Committee
Yeung Kwok Mung
(Committee Chairman)
Fong Chi Wai, Alex
Man Tak Cheung

Registered Office
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

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Rooms 1601-05, 16/F.
China Resources Building
26 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2121 7838
Fax: (852) 2186 7711

Principal Share Registrar
Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Branch Share Registrar
Computershare Hong Kong Investor Services Limited
Rooms 1712–1716, 17/F.
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
Citibank, N.A., Hong Kong Branch
United Overseas Bank Limited
Bank of America, N.A.
Hang Seng Bank Limited

Website Address
www.tomgroup.com

Stock Code
2383

Corporate Profile and Financial Highlights

TOM Group Limited (stock code: 2383) is a technology and media company listed on the Main Board of the Stock Exchange of Hong Kong. TOM Group has technology operations in E-Commerce, Social Network, Mobile Internet; and investments in Fintech and Advanced Data Analytics sectors. In addition, its media businesses cover both publishing and advertising segments. Headquartered in Hong Kong, the Group has regional headquarters in Beijing and Taipei with approximately 1,200 employees. TOM Group is a member of CK Hutchison Holdings Limited.

For the year ended 31 December

In HK$ Thousands	**2021**	2020	2019	2018	2017
Results					
Revenue					
Technology Platform and Investments					
E-Commerce	**4,543**	5,650	9,038	9,299	8,893
Mobile Internet	**8,405**	9,423	16,217	19,267	21,196
Social Network	**41,864**	47,405	71,492	73,143	75,995
	54,812	62,478	96,747	101,709	106,084
Media Business					
Publishing	**811,614**	772,091	772,079	784,552	763,106
Advertising	**22,944**	33,401	47,289	57,824	91,323
	834,558	805,492	819,368	842,376	854,429
Total	**889,370**	867,970	916,115	944,085	960,513
Loss before net finance costs and taxation	**(37,402)**	(1,071,681)	(91,028)	(88,597)	(185,516)
Loss attributable to equity holders of the Company	**(114,106)**	(1,063,933)	(197,281)	(158,623)	(242,274)
Financial Position					
Total assets	**3,027,776**	3,025,594	3,998,551	3,571,891	3,557,171
Total liabilities	**(4,038,342)**	(3,941,755)	(3,821,667)	(3,571,382)	(3,479,687)
Total (deficit)/equity	**(1,010,566)**	(916,161)	176,884	509	77,484

Chairman's Statement

In 2021, TOM Group continued to focus on high growth potential sectors such as e-commerce/new retail, fintech and advanced data analytics. Despite continuing sporadic disruptions caused by the COVID-19 pandemic, the Group's consolidated revenue increased by 2.5% to HK$889 million. Gross revenues from Technology Platform and Investments and Media businesses amounted to HK$56 million and HK$835 million respectively. Loss before net finance costs and taxation and loss attributable to shareholders were HK$37 million and HK$114 million respectively.

Ule, a joint operation with China Post which focuses on providing e-commerce/new retail services in rural areas of Mainland China, continued the development of rural New Retail and associated B2B business with focus on supply chain innovation during the year. Ule recorded a B2B GMV of RMB6.7 billion for the year, represented an increase of 11.4% compared to RMB6.0 billion in last year. Ule entered into a subscription agreement with China Post HK on 1 November 2021. Upon completion of the subscription transaction Ule will issue new shares to China Post HK to strengthen Ule's capital base and scale up Ule's operations.

Pixnet, the Group's Social Network business, remains to be the largest social and networking website in Taiwan according to Alexa. However, with the COVID-19 pandemic such advertising spending plummeted and consumer activities slowed down during the year. Gross revenue of Pixnet was HK$43 million and segment loss was HK$3 million for the year.

The Publishing Group maintained its market leader position in Taiwan and recorded gross revenue of HK$812 million, representing an increase of 5.1% compared to last year. Segment profit from the Publishing Group increased 24.9% to HK$77 million in this year, showing resilience to the COVID-19 operating environment and results of its digital transformation. Looking forward, the uncertainties of pandemic still exist and the media and publishing market in Taiwan remains challenging. The Group will remain focused on operational efficiency while accelerating the development of digital offerings and pursuing revenue stream diversification to tap into post pandemic growth opportunities.

The Group made steady progress in exiting non-performing Outdoor Media advertising businesses. Gross revenue of Outdoor Media business was HK$5 million and its segment loss was HK$2 million this year.

I would like to take this opportunity to thank our shareholders, business partners, and all our colleagues for their continued support to the Group.

Frank John Sixt
Chairman

Hong Kong, 10 March 2022

Management's Discussion and Analysis

BUSINESS REVIEW

In 2021, the unprecedented challenges brought by the COVID-19 crisis and the emergence of new variants continued to disrupt economic activity in the Greater China region. The sudden outbreak of the pandemic in May took a toll on many local business sectors in Taiwan. During the review period, TOM Group's publishing and advertising businesses demonstrated strong resilience to these challenges and has accelerated initiatives to expand its digital segments and grow new revenue streams to capture opportunities arising from the market shift caused by the pandemic. During the review period, the group's Media Business recorded a 3.6% increase in gross revenue to HK$835 million with operating segment profit increasing by 23.7% to HK$74 million. Gross revenue from the Group's Technology Platform and Investments was HK$56 million and segment profit was HK$6 million. In-line with an overall strategy to focus on investing in high-growth and technology-centric sectors, TOM Group aims to further review and rebalance its investment portfolio in order to maximise value for shareholders.

Media Business

In May 2021, a major outbreak of COVID-19 hit Taiwan, resulting in negative repercussions on many business operations and the Taiwan economy as a whole. Against the backdrop of confinement measures and associated constraints under the cloud of the pandemic, advertisers cut back on advertising expenditure and promotion budgets. The Group's media and publishing arm in Taiwan, Cite, accelerated its efforts in digital business development to cater for the increase in the online needs of its advertisers, users and readers during and post pandemic. *Business Weekly*, the Group's flagship knowledge platform, has launched digital initiatives that facilitated knowledge sharing and interactive learning serving both B2B and B2C communities. In December 2021, the inaugural launch of "Knowledge Red Packet" by *Business Weekly* marked a significant milestone for the Group's efforts to rollout digital offerings targeted at its readers. The product created dynamic and engaging marketing, as well as advertising opportunities for brand owners. During the review period, the Publishing Group delivered solid growth despite COVID-19 headwinds and recorded a 5.1% increase in gross revenue to HK$812 million with segment profit increased by 24.9% to HK$77 million.

Meanwhile, the Group's traditional advertising business in Mainland China was disrupted by scattered outbreaks of COVID-19 cases in several provinces. During the review period, the Advertising Group recorded a gross revenue of HK$23 million with segment loss of HK$3 million. The Group continues to seek exit from certain non-performing outdoor media businesses.

Technology Platforms and Investments

Pixnet, the Group's Social Networking technology platform, is the largest community website in Taiwan focusing on food, lifestyle and travel, which have been among the worst-hit sectors throughout the period of the pandemic. The plummeting demand for advertising among brand owners severely affected Pixnet's revenue during the reporting period. Gross revenue decreased by 11.8% to HK$43 million and segment loss was HK$3 million. As the Government of Taiwan started to implement several stimulus programs including voucher incentives to boost the economy during the second half of the year, Pixnet is well poised to regain its growth momentum riding on its technology platform to generate new revenue streams. In October 2021, Pixnet launched "Coco" (in Chinese "叩叩" meaning knock knock), a big data-enabled and mobile-first O2O marketing platform connecting retailers, brand owners, bloggers and consumers, and creating a digital ecosystem to address their respective needs.

Management's Discussion and Analysis

Ule is the Group's e-commerce joint operation with China Post. During the review period, Ule recorded a B2B GMV of RMB6.7 billion, represented an increase of 11.4% when compared to last year's figures of RMB6.0 billion. Ule entered into a subscription agreement with China Post HK on 1 November 2021. Upon completion of the subscription transaction Ule will issue new shares to China Post HK to strengthen Ule's capital base and scale up Ule's operations.

TOM Group invested in WeLab, a leading Asian fintech company in 2014. WeLab provides market-leading digital consumer finance solutions across 3 markets, WeLend in Hong Kong, WeLab Digital in Mainland China and Maucash in Indonesia, as well as one of Asia's first licensed digital banks, WeLab Bank. To date, WeLab serves around 52 million users, facilitated and originated around US$10 billion of loans to its customers. During 2021, WeLab's digital consumer finance business achieved record-high growth in loan disbursement volume. WeLab Bank has become one of the leading digital banks in Hong Kong within its first year of operation, due to its innovative and award-winning products. WeLab also established a first-in-Asia partnership with Apple, offering an exclusive "Subscribe+ for Apple Products" subscription program in Hong Kong. In December 2021, WeLab announced that it led a consortium to acquire Bank Jasa Jakarta in Indonesia, with plans to launch its 2nd digital bank in Asia. As at 31 December 2021, TOM Group owns 7.88% in WeLab on an issued basis.

In March 2020, TOM Group invested in MioTech. MioTech leverages artificial intelligence and big data technologies to tackle sustainability and social responsibility challenges facing financial institutions, corporations, and individuals, such as climate change, carbon emission reduction and corporate governance. Its comprehensive coverage of ESG data helps financial institutions make responsible decisions with respect to green finance and investing. Its software helps corporations manage ESG reporting, improve energy efficiency, as well as track and reduce carbon emissions. Its app builds green-conscious communities and promotes low-carbon lifestyles among individuals. MioTech has offices in Hong Kong, Shanghai, Beijing, and Singapore. Its world-renowned investors include ZhenFund, Moody's, HSBC, Guotai Junan International, GIC, and J.P. Morgan. As at 31 December 2021, TOM Group owns 6.75% in MioTech on an issued basis.

For the year ended 31 December 2021, the Group recorded a 2.5% increase in revenue to HK$889 million with a gross profit margin of 42.2%. Loss before net finance costs and taxation were HK$37 million and loss attributable to shareholders narrowed 89.3% to HK$114 million.

Given the ongoing uncertainties on the impact of COVID-19 on the business environment, TOM Group will remain prudent in managing its operations and investments in the Greater China region and will continue to accelerate the execution of digital innovation and transformation for its business units.

FINANCIAL REVIEW

TOM Group reports its results in five business segments under two business streams, namely E-Commerce Group, Mobile Internet Group and Social Network Group of Technology Platform and Investments, and Publishing Group and Advertising Group of Media Business.

Consolidated Revenue

The Group continued to be impacted by the global economy uncertainties as a result of COVID-19 pandemic. Nevertheless, the Group recorded a consolidated revenue of HK$889 million, represented an increase of 2.5% compared to last year. The increase was primarily attributable to Publishing segments.

Segment Results

The segment profit/loss refers to profit/loss before finance costs and taxation, gain/loss on disposal of subsidiaries, share of results of investments accounted for using the equity method, provision for impairment of goodwill, provision for impairment in investments accounted for using the equity method and provision for impairment in amounts due from associated companies.

The Group continues with its ongoing strategy to focus on optimising the high growth e-commerce/new retail business in Ule, a material associate of the Group in Mainland China providing e-commerce platform for rural areas in China. The segment results of the E-Commerce Group were largely related to the share of result of Ule. In last year, due to the underperformance of Ule and the ongoing discussion between Ule's shareholders regarding the determination of Ule's operating targets going forward and the future financing of Ule's business, the Company had recognised provision for impairment losses of HK$874 million, HK$95 million and HK$46 million for Investment in Ule in the Group's investment accounted for using the equity method, amounts due from associated companies and goodwill respectively. On 1 November 2021, Ule entered into a subscription agreement with China Post HK. Upon completion of the subscription transaction Ule will issue new shares to China Post HK to strengthen Ule's capital base and scale up Ule's operations. The subscription is subject to fulfilments of conditions and is not completed up to the date of this 2021 Annual Report. No impairment or reversal of impairment was made for Ule in this year.

Ule's supply chain and logistic network were still suffering from the impact of COVID-19 pandemic in 2021. Nevertheless, with the expected stronger capital base and increased operation scale upon the completion of China Post HK's share subscription, it is optimistic in long run on e-commence/new retail market in Mainland China.

The Mobile Internet Group reported gross revenue of HK$8 million. The segment profit of HK$4 million was recorded in 2021 comparing to the segment loss of HK$5 million in last year.

The Social Network Group, represented by Pixnet, remain to be the largest social and networking website in Taiwan. Gross revenue was reported at HK$43 million with a segment loss of HK$3 million.

The Publishing Group continues to be the market leader in Taiwan publishing industry. Notwithstanding the COVID-19 operating environment, the Publishing Group outperformed the market by delivering a gross revenue of HK$812 million and a segment profit of HK$77 million, representing an increase of 5.1% and 24.9% respectively comparing to last year. The Group will remain focused on operational efficiency of this business segment while accelerating the development of digital offerings and pursuing revenue stream diversification to tap into post pandemic growth opportunities.

The traditional advertising market in Mainland China was still affected by COVID-19 pandemic. The Advertising Group recorded a gross revenue of HK$23 million and a segment loss of HK$3 million in 2021.

Share of Results of Investments Accounted for Using the Equity Method

The share of results is mainly contributed by the Group’s share of result of Ule.

Loss before Net Finance Costs and Taxation

The Group’s loss before net finance costs and taxation in 2021 amounted to HK$37 million, narrowed by 96.5% from loss of HK$1,072 million in last year. Excluding the effect on one-off non-cash events such as provision for impairment of goodwill of approximately HK$46 million, provision for impairment in investments accounted for using the equity method of approximately HK$874 million and provision for impairment in amounts due from associated companies of approximately HK$95 million in 2020, the recurring loss before finance costs and taxation narrowed by 33.0% from HK$56 million last year.

Loss Attributable to Equity Holders of the Company

The Group’s loss attributable to equity holders of the Company for the year was HK$114 million, compared to HK$1,064 million in last year. The decrease in loss in this year was primarily attributable to the recognition of one-off non-cash events such as provision for impairment in investments accounted for using the equity method and provision for impairment in amounts due from associated companies in 2020.

Liquidity and Financial Resources

As at 31 December 2021, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK$493 million. A total of HK$3,857 million financing facilities were available, of which HK$3,388 million, or 87.8%, had been utilised as at 31 December 2021, to finance the Group’s investment, capital expenditures and for working capital purposes.

The principal of the total borrowings of TOM Group amounted to approximately HK$3,388 million as at 31 December 2021, of which HK$3,367 million and HK$21 million equivalent are denominated in Hong Kong dollar and New Taiwan dollar respectively. The borrowings included long-term bank loans of approximately HK$3,388 million (including portion repayable within one year). All bank loans bore floating interest rates. The gearing ratio (Total principal amount of bank borrowings/(Total principal amount of bank borrowings + Deficit/Equity)) of TOM Group was 142.5% as at 31 December 2021, compared to 138.6% as at 31 December 2020.

Management's Discussion and Analysis

As at 31 December 2021, the Group had net current assets of approximately HK$226 million, compared to the balance of approximately HK$176 million as at 31 December 2020. The current ratio (Current assets/Current liabilities) of TOM Group was 1.35 as at 31 December 2021, compared to 1.25 as at 31 December 2020. The Group recorded net liabilities of approximately HK$1,011 million as at 31 December 2021, compared to net liabilities of HK$916 million as at 31 December 2020.

In 2021, net cash generated from operating activities after interest and taxation paid increased by 22.9% to HK$172 million. Net cash outflow used in investing activities was HK$181 million, mainly included capital expenditures of HK$125 million and investments in financial assets at fair value through other comprehensive income of HK$62 million. During the year, net cash inflow from financing activities amounted to HK$40 million, mainly from the drawdown of bank loans, net of repayment, of HK$99 million, partially offset by lease principal payment of HK$27 million, payment of loan arrangement fee of HK$24 million and dividends paid to non-controlling interests of subsidiaries of HK$7 million.

Charges on Group Assets

As at 31 December 2021, the Group had restricted cash amounting to HK$7 million, being bank deposits mainly pledged in favour of certain publishing distributors as retainer fee for potential sales return, and banks as security for credit card and advance receipt in Taiwan.

Contingent Liabilities

As at 31 December 2021, the Group had no significant contingent liabilities.

Significant Investment

As at 31 December 2021, details of significant investment (with individual investment value of 5 per cent or more of the Group's total assets) held by the Group were set out as follows:

Nature of investment	Number of shares held by the Group	Interests held on issued basis	Investment cost HK$	Carrying value HK$	Total assets of the Group HK$	Carrying value to total assets of the Group
WeLab						
– Preferred shares	3,868,548	7.88%	279,736,000	875,251,000	3,027,776,000	28.91%

Investment in WeLab

The Group recorded investment in WeLab as "financial asset at fair value through other comprehensive income". WeLab is a leading Asian fintech company and one of the first licensed digital banks established in Asia.

During the year ended 31 December 2021, unrealised gain of HK$9,983,000 on revaluation of the investment in WeLab has been recorded by the Group. No realised gain or dividend has been received from this investment. The Group believe that the investment in WeLab will create synergies with the Group's other technology related businesses.

The above significant investment is in line with the Group's strategy to focus on high growth potential sectors such as e-commerce/new retail, fintech and advanced data analytics.

Subsequent Events

There is no subsequent event after the reporting period which has material impact to the consolidated financial statements of the Group.

Foreign Exchange Exposure

The Group's operations principally locate in Mainland China and Taiwan, with transactions and related working capital denominated in Renminbi and New Taiwan dollar respectively. In general, it is the Group's policy for each operating entity to borrow in their local currencies, where necessary, to minimise currency risk. Overall, the Group is not exposed to significant foreign exchange risk; however, the Group will monitor this risk on an ongoing basis.

Employee Information

As at 31 December 2021, TOM Group had approximately 1,200 full-time employees (excluding approximately 400 full-time employees of Ule, an associated company of TOM). Employee costs, excluding Directors' emoluments, amounting to HK$343 million for the year. All of the TOM Group companies are equal opportunity employers, with the selection and promotion of individuals being based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of TOM Group's salary and bonus system, which is reviewed annually. A wide range of benefits including medical coverage and provident funds are also provided to employees. In addition, training and development programmes are provided on an ongoing basis throughout TOM Group. Social, sporting and recreational activities were arranged during the year for the employees on a Group-wide basis. Further information in relation to our employment and labour practices is set out in the standalone Sustainability Report to be published in March 2022.

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this 2021 Annual Report are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained in this 2021 Annual Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this 2021 Annual Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Disclaimer:
Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as profit/(loss) before net finance costs and taxation including share of results of investments accounted for using the equity method and excluding provision for impairment of goodwill, provision for impairment in amounts due from associated companies and provision for impairment in investments accounted for using the equity method, and segment profit/(loss) are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, since the Group has historically reported certain non-GAAP results to investors, it is considered the inclusion of non-GAAP measures provides consistency in the Group's financial reporting.

Directors' Profile

Frank John Sixt

aged 70, has been a Non-executive Director and the Chairman of the Company since 15 December 1999 and is a member of the Remuneration Committee and Nomination Committee of the Company respectively. He is also an executive director, group finance director and deputy managing director of CKHH, an executive director of CK Infrastructure Holdings Limited ("CKI"), a non-executive director of TPG Telecom Limited, a director of Hutchison Telecommunications (Australia) Limited ("HTAL") and Cenovus Energy Inc., a member of the Board of Commissioners of PT Indosat Tbk, and alternate director of HTAL, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited. He has almost four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting system, risk management and internal control systems as well as sustainability issues and related risks. He is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Yeung Kwok Mung

aged 57, has been the Chief Executive Officer and an Executive Director of the Company since 26 March 2008. He is also the Chairman of the Sustainability Committee of the Company. Prior to joining the Company, he was a director and chief executive officer of Horizons Ventures Limited and ChinaCare Investments Holdings Limited respectively, these companies are controlled by Ms. Chau Hoi Shuen and Cranwood Company Limited, the substantial shareholders of the Company within the meaning of Part XV of the SFO. Prior to that, Mr. Yeung worked at Mckinsey & Company, Inc. for over 6 years in Sydney, Melbourne and Hong Kong covering mainly the telecommunications, electronics and e-commerce industry sectors in the area of business strategy, business re-engineering and operational improvements. Mr. Yeung worked for Coca-Cola China Limited as director of Strategy for Coca-Cola Greater China. He also held management positions in business development and sales & marketing at General Electric. He holds a Bachelor of Science degree in Electrical Engineering and a Master of Science degree in Electrical Engineering and Computer Science from Massachusetts Institute of Technology.

Chang Pui Vee, Debbie

aged 71, has been a Non-executive Director of the Company since 5 October 1999. She holds a Bachelor of Arts degree from Hunter College, New York City. She has been directing business development in Mainland China for a number of years. She was a member of the People's Consultative Party of Beijing, Eastern City District and had served as a director of Beijing Oriental Plaza Company Limited. She is a director of Cranwood Company Limited, Schumann International Limited and Handel International Limited, which are substantial shareholders of the Company within the meaning of Part XV of the SFO.

Directors' Profile

Lee Pui Ling, Angelina

aged 73, is a Non-executive Director of the Company (re-designated in August 2004 from an Independent Non-executive Director appointed in January 2000) and a Member of the Audit Committee. Mrs. Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs. Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs. Lee is a Non-executive Director of CKI and Henderson Land Development Company Limited and an Independent Non-executive Director of Great Eagle Holdings Limited, all of which are listed companies.

James Sha

aged 71, was appointed as a Non-executive Director of the Company on 12 May 2000. He has been re-designated as an Independent Non-executive Director of the Company with effect from 4 August 2004. He is also the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. He has held senior positions with a number of large Internet-related companies. Since November 1999, he has been a managing partner with Spring Creek Ventures, a partnership specialising in early stage venture investment and business consultation with Internet and infrastructure companies. He is currently serving on the board of directors of several start-up companies. His board memberships include Appstream, Armorize, E21, LiveABC, Optoplex and Mediostream. He also served as the chief executive officer for Sina.com. Prior to that, he was the senior vice president, Commerce Solutions, at Netscape Communications. He has also held senior positions with Actra Business Systems, Oracle's UNIX Product Division and the Advanced Systems Division of Wyse Technology. He holds a Master of Science degree in Electronic Engineering and Computer Science from the University of California, Berkeley, a Master of Business degree from Santa Clara University and a Bachelor of Science degree in Electronic Engineering from Taiwan University.

Directors' Profile

Fong Chi Wai, Alex

aged 65, has been an Independent Non-executive Director of the Company since 31 December 2019. He was a member of the Audit Committee of the Company from 31 December 2019 to 31 August 2020 and has been appointed as the Chairman of the Audit Committee of the Company since 31 August 2020. He is also the Chairman of the Remuneration Committee and a member of the Sustainability Committee of the Company. Dr. Fong was the chief executive officer of Hong Kong General Chamber of Commerce (the "Chamber") from 2006 to 2011. Prior to joining the Chamber, he served in the civil service for over 25 years, holding various senior positions in the Government of Hong Kong. Dr. Fong has a long record of public service providing both operational and policy-formulation expertise. Dr. Fong has been appointed as an independent non-executive director of HK Electric Investments and HK Electric Investments Limited, a company listed on Main Board of the Stock Exchange (stock code: 2638), since December 2013. Dr. Fong is currently a director of HK Electric Investments Manager Limited and a director of The Hongkong Electric Company, Limited. Dr. Fong has been an independent non-executive director of Glory Mark Hi-Tech (Holdings) Limited, a company listed on the Growth Enterprise Market Board of the Stock Exchange (stock code: 8159) and Hutchison Port Holdings Management Pte. Limited, since January 2019 and February 2020 respectively. He was an independent non-executive director of Power Assets Holdings Ltd., a company listed on the Stock Exchange (stock code: 6) and a substantial holder of Share Stapled Units for the purpose of Part XV of the SFO, from December 2012 to January 2014.

Dr. Fong received a Bachelor of Social Science degree in Business and Economics from the University of Hong Kong in November 1978, a Master of Technology Management degree in Global Logistics Management from the Hong Kong University of Science and Technology in April 2007, a Master of Science degree in Global Finance from the New York University/Hong Kong University of Science and Technology in May 2009, and a Doctor of Business Administration degree and a Doctor of Philosophy degree from the City University of Hong Kong in 2017 and 2020 respectively.

Directors' Profile

Chan Tze Leung

aged 75, has been an Independent Non-executive Director of the Company since 31 August 2020. He is also a member of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Chan was the chief executive officer of United Overseas Bank Limited, Hong Kong until his retirement in December 2011. He is an experienced banker with almost 40 years of experience in commercial and investment banking. Mr. Chan is an independent non-executive director of Hutchison Port Holdings Management Pte. Limited, a trustee-manager of Hutchison Port Holdings Trust which is listed in Singapore. Mr. Chan was a non-executive director of Sibanye Gold Limited, a company listed in Johannesburg and its American Depositary Receipt (ADR) are traded on the New York Stock Exchange, from May 2014 to September 2017. Mr. Chan was an independent non-executive director of Noble Group Limited from August 1996 until April 2017, and Quam Limited (now known as China Tonghai International Financial Limited), a company listed in Hong Kong, from October 2011 to September 2017. He was also a non-executive director of Dalton Foundation Limited, a charitable institution incorporated in Hong Kong which is the sponsoring body of Dalton School Hong Kong, a non-profit primary school. He is also a senior adviser to Long March Capital Limited, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions. He was chairman (non-executive director) of The Hour Glass (HK) Limited. He holds the Bachelor of Science (Econ) Honours from the University of London and a Master's degree in Business Administration from the University of Liverpool and is a Fellow of the Hong Kong Institute of Directors.

Lai Kai Ming, Dominic

aged 68, has been an Alternate Director to Mr. Frank John Sixt (Chairman) since 1 August 2016 and is an alternate to Mr. Frank Sixt, a member of the Remuneration Committee and Nomination Committee of the Company respectively. He is an executive director and deputy managing director of CKHH, a non-executive director of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), a director of HTAL and a member of the Board of Commissioners of PT Duta Intidaya Tbk. He is also an alternate director of HTHKH and HTAL and a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He was Finance Director and Chief Operating Officer of the A.S. Watson Group, the retail arm of CKHH, from 1994 to 1997 and Group Managing Director of the Harbour Plaza Hotel Management Group, the former hotel business of HWL, from 1998 to 2000. Mr. Lai has over 35 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

Change in Other Information of Directors

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2021 Interim Report of the Company are set out below:

Name of Director	Details of the Changes
Frank John Sixt	Appointed as a member of the Board of Commissioners of PT Indosat Tbk on 4 January 2022

Report of the Directors

The Board has pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31 December 2021.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The activities of its principal subsidiaries and associated companies are set out on pages 166 to 170.

An analysis of the Group's performance for the year by operating and geographical segments is set out in the section headed "Management's Discussion and Analysis" on pages 5 to 10 and note 4 to the consolidated financial statements.

Results and appropriations

The results for the year are set out in the consolidated income statement on page 67. The Board does not recommend the payment of a dividend.

Business review

The business review of the Group for the year ended 31 December 2021 is set out in the sections headed "Management's Discussion and Analysis" and "Corporate Governance Report" on pages 5 to 10 and pages 30 to 57 respectively, and the standalone Sustainability Report to be published in March 2022.

Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and note 38(b) to the consolidated financial statements respectively.

Fixed assets

Details of the movements in fixed assets of the Group are set out in note 13 to the consolidated financial statements.

Share capital

Details of the movements in share capital of the Company are set out in note 31 to the consolidated financial statements.

Report of the Directors

Directors

The Directors who held office during the year and up to the date of this report were:

Mr. Frank John Sixt* *(Chairman)*
Mr. Yeung Kwok Mung *(Chief Executive Officer)*
Ms. Chang Pui Vee, Debbie*
Mrs. Lee Pui Ling, Angelina*
Mr. James Sha#
Dr. Fong Chi Wai, Alex#
Mr. Chan Tze Leung#
Mr. Lai Kai Ming, Dominic+ *(Alternate Director to Mr. Frank John Sixt)*

* *Non-executive Director*
\# *Independent Non-executive Director*
\+ *Alternate Director*

In accordance with Article 116 of the Company's Articles of Association, Mr. Yeung Kwok Mung, Mrs. Lee Pui Ling, Angelina and Mr. James Sha will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Each of the Non-executive Directors (including the Independent Non-executive Directors) has entered into a letter of service with the Company for a term of 12-month ("Term"). The appointment will be automatically renewed for successive 12-month periods unless terminated by either party in writing prior to the expiry of the Term. All Directors (except Alternate Director) are subject to retirement by rotation at annual general meetings at least once every three years and, being eligible, offer themselves for re-election.

Directors' service contracts

None of the Directors being proposed for re-election at the forthcoming annual general meeting of the Company has entered into any service contract with any member of the Group (which is not determinable by the Company within one year without payment of compensation (other than statutory compensation)).

Confirmation of independence of Independent Non-executive Directors

The Company has received from each of Mr. James Sha, Dr. Fong Chi Wai, Alex and Mr. Chan Tze Leung an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the Independent Non-executive Directors to be independent.

Directors' profile

The Directors' profile is set out on pages 11 to 15.

Directors' emoluments

Details of the Directors' emoluments are set out in note 39(a) to the consolidated financial statements.

Share option scheme

The Company has no share option scheme as at the date of this report.

Directors' interests and short positions in shares, underlying shares and debentures

As at 31 December 2021, the interests or short positions of the Directors and Chief Executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 are 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, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares of the Company

		Number of shares of the Company					
Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total	Approximate percentage of shareholding
Frank John Sixt	Beneficial owner	492,000	–	–	–	492,000	0.01%
Yeung Kwok Mung	Interest of spouse	–	30,000	–	–	30,000	Below 0.01%

Save as disclosed above, as at 31 December 2021, none of the Directors or Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have 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 are 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, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Interests and short positions of substantial shareholders

As at 31 December 2021, the persons or corporations (not being a Director or Chief Executive) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or had otherwise notified to the Company were as follows:

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
CKHH	Interest of controlled corporations	1,430,120,545 (L) *(Notes 1, 2 & 3)*	36.13%
CKH	Interest of controlled corporations	1,430,120,545 (L) *(Notes 1, 2 & 3)*	36.13%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (L) *(Note 1)*	12.03%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (L) *(Note 1)*	12.03%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (L) *(Note 1)*	12.03%
Romefield Limited	Beneficial owner	476,341,182 (L) *(Note 1)*	12.03%
CK Hutchison Global Investments Limited	Interest of controlled corporations	952,683,363 (L) *(Note 2)*	24.07%
HWL	Interest of controlled corporations	952,683,363 (L) *(Note 2)*	24.07%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (L) *(Note 2)*	24.07%
Easterhouse Limited	Beneficial owner	952,683,363 (L) *(Note 2)*	24.07%
Chau Hoi Shuen	Interest of controlled corporations	1,003,432,363 (L) *(Notes 4, 5 & 6)*	25.35%
Composers International Limited	Interest of controlled corporations	1,003,432,363 (L) *(Notes 4, 5 & 6)*	25.35%

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	995,078,363 (L) *(Notes 4 & 6)*	25.14%
Schumann International Limited	Beneficial owner	580,000,000 (L) *(Notes 4 & 6)*	14.65%
Handel International Limited	Beneficial owner	348,000,000 (L) *(Notes 4 & 6)*	8.79%
Lin Tian Maw	Beneficial owner, interest of child under 18 and/ or spouse & interest of controlled corporations	526,518,000 (L)	13.30%

(L) denotes a long position

Notes:

(1) Romefield Limited is a wholly-owned subsidiary of Sunnylink Enterprises Limited, which in turn is a wholly-owned subsidiary of Cheung Kong Holdings (China) Limited. Cheung Kong Holdings (China) Limited is a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of CKH. CKH is a wholly-owned subsidiary of CKHH.

By virtue of the SFO, CKHH, CKH, Cheung Kong Investment Company Limited, Cheung Kong Holdings (China) Limited and Sunnylink Enterprises Limited are all deemed to be interested in the 476,341,182 shares of the Company held by Romefield Limited.

(2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of HWL. HWL is a non wholly-owned subsidiary of CK Hutchison Global Investments Limited, which in turn is a wholly-owned subsidiary of CKHH. In addition, certain subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

By virtue of the SFO, CKHH, CKH, CK Hutchison Global Investments Limited, HWL and Hutchison International Limited are all deemed to be interested in the 952,683,363 shares of the Company held by Easterhouse Limited.

(3) A company Casaurina Investments Limited, an Associate of CKH, which in turn is a wholly-owned subsidiary of CKHH, holds 1,096,000 shares of the Company.

By virtue of the SFO, CKHH and CKH are all deemed to be interested in the 1,096,000 shares of the Company held by Casaurina Investments Limited.

(4) Schumann International Limited and Handel International Limited are companies controlled by Cranwood Company Limited ("Cranwood Company Limited (Liberia)", incorporated in Liberia), which in turn is a wholly-owned subsidiary of Composers International Limited. Composers International Limited is wholly owned by Ms. Chau Hoi Shuen.

By virtue of the SFO, Ms. Chau Hoi Shuen, Composers International Limited and Cranwood Company Limited (Liberia) are all deemed to be interested in the 580,000,000 and 348,000,000 shares of the Company held by Schumann International Limited and Handel International Limited respectively. Also, Ms. Chau Hoi Shuen and Composers International Limited are all deemed to be interested in 67,078,363 shares of the Company held by Cranwood Company Limited (Liberia) directly.

(5) A company Cranwood Company Limited ("Cranwood Company Limited (BVI)", incorporated in British Virgin Islands), a wholly-owned subsidiary of Composers International Limited, which in turn is wholly owned by Ms. Chau Hoi Shuen, holds 8,354,000 shares of the Company.

By virtue of the SFO, Ms. Chau Hoi Shuen and Composers International Limited are all deemed to be interested in 8,354,000 shares of the Company held by Cranwood Company Limited (BVI) directly.

(6) Cranwood Company Limited (Liberia), Schumann International Limited, Handel International Limited and Cranwood Company Limited (BVI) have charged 67,078,363, 580,000,000, 348,000,000 and 8,354,000 shares of the Company respectively in favour of CKHH on 21 December 2015.

Save as disclosed above, as at 31 December 2021, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

Connected transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2021 are disclosed in note 36 to the consolidated financial statements. The related party transactions which constitute connected transactions in the context of Listing Rules are summarised below.

Continuing connected transactions

(a) On 17 December 2019, the Company entered into a facility agreement with eight independent financial institutions (the "Facility Agreement"), pursuant to which the term and revolving loan facilities of up to an aggregate principal amount of HK$3,700 million (the "Facilities") are granted to the Company for a term of 3 years for the purposes of financing the general corporate funding requirements of the Group. It is a condition to the utilisation of the Facilities that CKHH guarantees 100% of the Company's obligations under the Facility Agreement pursuant to the terms of the relevant guarantee ("CKHH Guarantee"). In consideration of CKHH agreeing to grant the CKHH Guarantee, a guarantee fee agreement was entered into between the Company and CKHH on 17 December 2019 in respect of the payment of a guarantee fee to CKHH by the Company ("CKHH Guarantee Fee Agreement").

Pursuant to the CKHH Guarantee Fee Agreement, the Company agreed to pay an aggregate guarantee fee in an amount equivalent to 0.5% per annum of the aggregate principal amount outstanding under the Facility Agreement to CKHH payable quarterly in advance upon the first drawdown (and on the date of each subsequent drawdown in respect of the increased outstanding principal amount), subject to the annual caps of HK$1,000,000, HK$19,000,000, HK$19,000,000 and HK$18,000,000 for the years 2019, 2020, 2021 and 2022 respectively. Please refer to the Company's announcement dated 17 December 2019 for further and full details.

On 17 December 2021, the Company entered into the amendment and restatement deed in relation to the Facility Agreement ("Amendment and Restatement Deed"), to amend and restate the Facility Agreement with the extension of final maturity date of the Facilities to 17 December 2024 ("Amended and Restated Facility Agreement"). It is a condition to the amendments pursuant to the Amendment and Restatement Deed taking effect that CKHH continues to guarantee 100% of the Company's obligations under the Amended and Restated Facility Agreement pursuant to the terms of the relevant guarantee as amended by the amendment deed ("Amended CKHH Guarantee") relating to the CKHH Guarantee ("Guarantee Amendment Deed"). In consideration of CKHH agreeing to enter into the Guarantee Amendment Deed, the Company entered into the confirmation to the CKHH Guarantee Fee Agreement ("Confirmation") with CKHH on 17 December 2021 to confirm that the Company will continue to pay guarantee fee to CKHH under the CKHH Guarantee Fee Agreement for so long as any amount is outstanding under the Amended and Restated Facility Agreement.

Pursuant to the CKHH Guarantee Fee Agreement as extended by the Confirmation, the Company agreed to pay an aggregate guarantee fee in an amount equivalent to 0.5% per annum of the aggregate principal amount outstanding under the Amended and Restated Facility Agreement to CKHH payable quarterly in advance upon the first drawdown (and on the date of each subsequent drawdown in respect of the increased outstanding principal amount), subject to the annual caps of HK$1,000,000, HK$19,000,000 and HK$18,000,000 for the period from 18 December 2022 to 31 December 2022, and for the years ending 2023 and 2024 respectively. Please refer to the Company's announcement dated 17 December 2021 for further and full details.

During the year ended 31 December 2021, an aggregate amount of HK$16,385,000 as guarantee fee has been paid or became payable by the Company to CKHH under the CKHH Guarantee Fee Agreement.

(b) On 9 May 2019, Guangdong Yangcheng Advertising Company Limited ("Yangcheng Advertising") entered into an advertising agency agreement with Guangdong Yangcheng Evening News Advertising Company ("YCWB", an Associate of Yangcheng Evening News Economic Development Company, which owns 20% of the equity interest in Yangcheng Advertising) for a term of 3 years commencing from 1 January 2019 to 31 December 2021 ("Advertising Agency Agreement"). Pursuant to the Advertising Agency Agreement, YCWB agreed to extend the appointment of Yangcheng Advertising as its advertising agent in respect of the placing of advertisements in the newspaper known as "羊城晚報" (Yangcheng Evening News). Under the Advertising Agency Agreement, Yangcheng Advertising will enter into contracts with advertising customers who place advertisements on Yangcheng Evening News, collect Advertising Payment from such advertising customers and then pay YCWB the Net Advertising Payment. If the aggregate amount of the Net Advertising Payment reaches a certain pre-agreed amount, Yangcheng Advertising will be entitled to an incentive amount from YCWB, being a certain percentage of the aggregate amount of the Net Advertising Payment to be agreed in separate agreements between the parties based on the then market rate and the historical performance of Yangcheng Advertising.

The annual caps for the Net Advertising Payment are RMB8,000,000, RMB8,400,000 and RMB8,820,000 for the years 2019, 2020 and 2021 respectively. Please refer to the Company's announcement dated 9 May 2019 for further and full details.

During the year ended 31 December 2021, an aggregate amount of RMB1,596,000 as Net Advertising Payment has been paid or became payable by Yangcheng Advertising to YCWB.

"Advertising Payment" means advertising fees collected by Yangcheng Advertising from the advertising customer who advertises on Yangcheng Evening News for the years 2019 through to 2021.

"Net Advertising Payment" means Advertising Payment net of agency fees.

(c) On 10 December 2021, Yangcheng Advertising entered into an advertising agency agreement with Guangdong Yangcheng Evening News Digital Media Co., Ltd. ("YCDM", a wholly-owned subsidiary of Guangdong Yangcheng Newspaper Media Group Ltd., which owns 20% of the equity interest in Yangcheng Advertising) for a term of 3 years commencing from 1 January 2022 to 31 December 2024 ("New Advertising Agency Agreement"). Pursuant to the New Advertising Agency Agreement, YCDM agreed to appoint Yangcheng Advertising as its advertising agent in respect of the placing of advertisements in Yangcheng Evening News. Under the New Advertising Agency Agreement, Yangcheng Advertising will enter into contracts with advertising customers who place advertisements on Yangcheng Evening News, collect New Advertising Payment from such advertising customers and then pay YCDM the New Net Advertising Payment. If the aggregate amount of the New Net Advertising Payment reaches a certain pre-agreed amount, Yangcheng Advertising will be entitled to an incentive amount from YCDM, being a certain percentage of the aggregate amount of the New Net Advertising Payment to be agreed in separate agreements between the parties based on the then market rate and the historical performance of Yangcheng Advertising.

The annual caps for the New Net Advertising Payment are RMB6,000,000, RMB6,500,000 and RMB7,250,000 for the years 2022, 2023 and 2024 respectively. Please refer to the Company's announcement dated 10 December 2021 for further and full details.

"New Advertising Payment" means advertising fees collected by Yangcheng Advertising from the advertising customer who advertises on Yangcheng Evening News for the years 2022 through to 2024.

"New Net Advertising Payment" means New Advertising Payment net of agency fees.

The aforesaid continuing connected transactions of the Group ("Continuing Connected Transactions") have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Based on the work performed, the auditor of the Company has issued to the Board an unqualified letter with its following conclusions in relation to the Continuing Connected Transactions disclosed by the Group on pages 21 to 25 of the Annual Report: (a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors; (b) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (c) with respect to the aggregate amount of each of the Continuing Connected Transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company. A copy of the auditor's said letter has been provided by the Company to the Stock Exchange.

Contractual Arrangements

During the year ended 31 December 2021, certain business activities of the Group such as advertising services, certain value-added telecommunications services and content production services which were initially/are categorised as restricted foreign investment businesses under the laws and regulations of the People's Republic of China ("PRC") ("Restricted Businesses") have been carried out by the Group (and certain of its associated companies) through Contractual Arrangements (as defined below). The Group has entered into a series of contractual agreements ("Contractual Agreements") with certain PRC nationals to control the relevant entities incorporated in the PRC ("PRC Domestic Companies") that carry out the Restricted Businesses, pursuant to which all economic benefits and risks arising from the business operation of such PRC Domestic Companies are transferred to the relevant subsidiaries of the Company ("Contractual Arrangements"). The identities of the principal PRC Domestic Companies that have the Contractual Agreements in place and the key provisions of the principal Contractual Agreements are set out in pages 169 to 170 (inclusive) of the consolidated financial statements.

Significance and financial contribution to the Group

The aggregate revenue and assets attributable to the Group generated through the Contractual Arrangements for 2021 represented about 3% and 6% of the Group's total revenue and total assets respectively.

Risks and mitigation relating to the Contractual Arrangements

Major risks associated with the Contractual Arrangements and measures taken to ensure the sound and effective implementation of the Contractual Arrangements are summarised below:

(i) Although the PRC legal advisors to the Company had expressed the view that the entering of the Contractual Arrangements is not in contravention of the relevant PRC laws and regulations, uncertainties however do exist regarding the interpretation and application of the PRC laws and regulations. If the PRC government determines that the Contractual Arrangements do not comply with the applicable laws and regulations of the PRC or issues further guidelines that impose stricter foreign ownership requirements in certain Restricted Businesses, the Group's relevant Restricted Businesses may be adversely affected. If that happens, the Company will seek other forms of contractual arrangements if then available to carry out the Restricted Businesses;

(ii) Under the option agreement of the Contractual Agreements, the relevant subsidiary of the Company ("Intermediate Holding Company") has the sole discretion to require the relevant PRC national to transfer his/her equity interest in the relevant PRC Domestic Company to it at the purchase price as set out in the relevant option agreement such as an amount being equal to the registered capital contributed by the relevant PRC national. The relevant PRC authorities may require the relevant PRC national to pay a substantial amount of individual income tax for the income from the ownership transfer which will be in turn borne by the Group if the purchase price is set below the market value. The exercise of the option to acquire the ownership of the PRC Domestic Companies may therefore be subject to substantial costs;

(iii) The PRC nationals being the shareholders of the PRC Domestic Companies may potentially have a conflict of interest with the Group and they may breach their contracts with the Group. If the Group fails to resolve this internally, it may have to resort to formal dispute resolution proceedings, which may be costly and time-consuming and which outcome is uncertain;

(iv) In the event of breach of any agreements under the Contractual Arrangements, the Group may be unable to enforce the Contractual Arrangements and the relevant Restricted Businesses conducted under the relevant PRC Domestic Companies with the relevant profit, if any, may be negatively affected;

(v) As part of the internal control measures, major issues arising from implementation of the Contractual Arrangements had been and will be reviewed by the management of the Group on a regular basis;

(vi) The relevant business units and operation divisions of the Group reported regularly to the management of the Group on the compliance and performance conditions under the Contractual Arrangements and other related matters; and

(vii) Legal advisors and/or other professionals had been and will continue to be retained to assist the Group to deal with specific issues arising from the Contractual Arrangements.

Despite the above, the Company is of the view that the entering of the Contractual Arrangements is not in contravention of the PRC laws currently in force. The Company will continue to monitor the relevant PRC laws and regulations relevant to the Contractual Arrangements and will take all necessary actions to protect the Company's interest in the PRC Domestic Companies.

Material changes

Save as disclosed in the above, as at the date of the Annual Report, there has not been any material change in the Contractual Arrangements and/or the circumstances under which they were adopted.

Unwinding of Contractual Arrangements

The restriction on foreign investment in e-commerce operations under the category of online data processing and transaction processing businesses was removed as promulgated by the Ministry of Industry and Information Technology of the People's Republic of China in June 2015. The Group's e-commerce operations have undergone restructuring so that it is now operated by the Group's associated companies rather than through Contractual Arrangements. In addition, discussion will from time to time be made with certain business partners on the possibility of abandonment of or unwinding of Contractual Arrangements for certain less active business activities.

Equity-linked agreements

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2021 or subsisted at the end of the year ended 31 December 2021.

Permitted indemnity provision

The Company's Articles of Association provides that every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director or other officer of the Company in defending any proceedings whether civil or criminal, in which judgment is given in his/her favour, or in which he is acquitted.

Directors' interests in transactions, arrangements or contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021.

Directors' interests in competing business

Mr. Frank John Sixt and Mr. Lai Kai Ming, Dominic, the Non-executive Chairman of the Company and an Alternate Director respectively, are executive directors of CKHH and directors of certain of its Associates (collectively referred to as "CKHH Group"). In addition, Mr. Frank John Sixt is an executive director of CKI and director of certain of its Associates (collectively referred to as "CKI Group"). Mr. Lai Kai Ming, Dominic is also a non-executive director and alternate director of HTHKH and director of certain of its Associates (collectively referred to as "HTHKH Group"). Mrs. Lee Pui Ling, Angelina, a Non-executive Director, is a non-executive director of CKI. CKHH Group is engaged in telecommunications, e-commerce, mobile Internet and information technology services. CKI Group is engaged in information technology, e-commerce or new technology where applicable. HTHKH Group operates mobile telecommunications services in Hong Kong and Macau. The Directors believe that there is a risk that such businesses may compete with those of the Group.

Save as disclosed above, none of the Directors or their respective Associates have any interests in a business which competes or may compete with the business of the Group during the year.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2021.

Major customers and suppliers

During the year ended 31 December 2021, the respective percentage of purchases attributable to the Group's five largest suppliers and the sales attributable to the Group's five largest customers, on a combined basis, was less than 30% of the total value of the Group's purchases and sales.

None of the Directors, their Associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's number of issued shares) had an interest in the major suppliers or customers noted above.

Pre-emptive rights

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

Subsequent events

There are no major subsequent events occurring during the period from 1 January 2022 to the date of this annual report.

Purchase, sale or redemption of shares

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the year.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

Sufficiency of Public float

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

By Order of the Board

Frank John Sixt
Chairman

Hong Kong, 10 March 2022

Corporate Governance Report

The Group is committed to high standards of corporate governance for the enhancement of shareholders' value and safeguarding interests of shareholders and other stakeholders. The Company believes that good corporate governance practices are in the interest of the Company as they are a reflection of the standard and quality of the management and operations of the Company and they also help sustain the long-term support of shareholders and stakeholders on which the Company's success is dependent upon.

The Group is committed to continuously improve these practices to instill an ethical corporate culture within the Group. The Company closely monitors corporate governance development in Hong Kong and overseas, and in line with this objective, it regularly reviews its corporate governance practices in light of experience and evolving regulatory requirements to ensure that the Company keeps abreast of shareholders' expectations. The principles of corporate governance adopted by the Group emphasise a quality Board, effective risk management, sound internal control, disclosure practices and transparency and accountability.

Corporate Governance Code ("Code")

The Company has complied with all the code provisions of the Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021, save and except Code Provision B.3 which is with respect to the nomination committee.

The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board and the appointment of any new Director, through which decisions are efficiently formulated based on a balance of skill set, experience, expertise and diversity of perspectives. Further details with respect to the nomination of directors are set out on pages 35 to 37.

Notwithstanding the aforementioned, a nomination committee of the Company, comprising a majority of Independent Non-executive Directors and chaired by an Independent Non-executive Director was established on 1 April 2021, which is in full compliance with the code provisions. Further details of the Nomination Committee are set out in the section "Nomination Committee" below.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the Group's code of conduct regarding Directors' securities transactions. In response to specific enquiry made with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code regarding their securities transactions throughout their tenure during the year ended 31 December 2021.

The Board

The Board is accountable to shareholders for the long-term performance of the Company. In that connection, it is responsible for directing the strategic objectives of the Company and overseeing the corporate governance and management of the business.

The Board, led by the Chairman, is responsible for the formulation of Group-wide strategies and policies, including an oversight of the management of the Company ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of the Executive Director. The Directors are charged with the task of promoting the success of the Group and making decisions in the best interests of the Group.

The Chairman's Statement, Report of the Directors and Management's Discussion and Analysis contain discussions and analyses of the Group's performance, the basis on which the Group generates or preserves value over the longer term and the basis on which the Group will execute its strategy for delivering the Group's objectives.

As at 31 December 2021, the Board comprised 7 Directors, including the Chairman (who is also a Non-executive Director), Chief Executive Officer, two Non-executive Directors and three Independent Non-executive Directors (but excludes one Alternate Director). At least one of the Independent Non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. The Directors' biographical details and the relationship among the Directors (if any) are set out in the "Directors' Profile" section on pages 11 to 15 and on the website of the Company (www.tomgroup.com). Independent Non-executive Directors are identified in all corporate communications.

A list of Directors setting out their roles and functions is available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

For a Director to be considered independent, the Board must be satisfied that the Director does not have any direct or indirect material relationship with the Group. In determining the independence of Directors, the Board follows the requirements of the Listing Rules. The Board has made an assessment of the independence of all the Independent Non-executive Directors of the Company and considers them to be independent having taken into account (a) an annual confirmation of independence as required under the Listing Rules made by each of the Independent Non-executive Directors, and (b) the absence of involvement in the day-to-day management of the Company or circumstances which would interfere with the exercise of their independent judgement. The Company has fully complied with the Listing Rules requirement that at least one-third of the Board members should be Independent Non-executive Directors.

Corporate Governance Report

The position of the Chairman and the Chief Executive Officer are held by separate individuals. The role of the Chairman is separate from that of the Chief Executive Officer. Such division of responsibilities helps to reinforce their independence and accountability.

The Chairman is responsible for providing leadership to, and overseeing the functioning of the Board to ensure that it acts in the best interests of the Group and the Board meetings are planned and conducted effectively. The Chairman is primarily responsible for setting (with the assistance of the Company Secretary) and approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by the Directors and Company Secretary for inclusion in the agenda. With the support of Executive Director and the Company Secretary, the Chairman seeks to ensure that all Directors are properly informed of issues arising at Board meetings and are able to receive adequate, sufficient and accurate relevant information in a timely manner. The Chairman promotes a culture of openness and also actively encourages Directors with different views to voice their concerns and to be fully engaged in the Board's affairs and contribute to the Board's functions. To this end, the Chairman holds meetings with the Independent Non-executive Directors at least annually without the presence of other Directors. Such meeting provides an effective forum for the Chairman to listen to the views of the Independent Non-executive Directors on issues including corporate governance improvement, effectiveness of the Board, and such other issues they may wish to raise in the absence of other Directors and senior management of the Company. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders.

The Chief Executive Officer is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal manager of the Group's businesses, the Chief Executive Officer attends to developing strategic operating plans that reflect the longer-term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Group. Working with the Chief Financial Officer and senior management of each business unit, he presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the businesses of the Group. With the assistance of the Chief Financial Officer, the Chief Executive Officer sees to it that the funding requirements of the businesses of the Group are met and closely monitors the operating and financial results of the businesses against plans and budgets, and takes remedial actions if necessary. Moreover, the Chief Executive Officer maintains ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

Non-executive Directors (including Independent Non-executive Directors) are well aware of their functions and have been actively performing their functions including but not limited to bringing an independent judgement at the Board meetings, taking the lead where potential conflicts of interests arise and scrutinising the Company's performance. Non-executive Directors and Independent Non-executive Directors from time to time contribute to the Board their constructive and valuable advice in the development of the Company's strategy, in particular the internal controls of the Company. Non-executive Directors and Independent Non-executive Directors serve as members of Board Committee(s), details of which are set out in the subsections headed "Audit Committee", "Remuneration Committee", "Nomination Committee" and "Sustainability Governance & Approaches" below of this report.

The Board meets regularly, and at least 4 times a year with meeting dates scheduled prior to the beginning of the year. Between scheduled meetings, senior management of the Group provides information to Directors on a regular basis, monthly updates and other information with respect to the activities and performances of the businesses of the Group. Throughout the year, Directors participate in the consideration and approval of certain significant operational matter of the Company by way of circulating resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Company Secretary and other executives as and when required. In the event a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than by way of circulating resolutions. Independent Non-executive Directors who have no material interest in the transaction would be present at such Board meeting. In case of material or notifiable transactions of subsidiaries and associated companies, details of the same will be provided to the Directors as appropriate. Whenever warranted, additional Board meetings will be held. Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas.

These regular meetings and information, updates together with all other materials that the Directors receive from time to time provide sufficient background information enabling each and every Director to make informed decisions for the best interest of the Company.

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association of the Company, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration declares his interest and abstains from voting on the relevant resolution and such Director is not counted for quorum determination purposes.

The Board held 5 meetings in 2021 with 97.14% attendance.

The attendance records of the meetings held in 2021 are set out below:

Name of Director	Board Meetings	General Meeting
Chairman		
Mr. Frank John Sixt	4/5	1/1
Executive Director		
Mr. Yeung Kwok Mung *(Chief Executive Officer)*	5/5	1/1
Non-executive Directors		
Ms. Chang Pui Vee, Debbie	5/5	0/1
Mrs. Lee Pui Ling, Angelina	5/5	1/1
Independent Non-Executive Directors		
Mr. James Sha	5/5	0/1
Dr. Fong Chi Wai, Alex	5/5	1/1
Mr. Chan Tze Leung	5/5	1/1
Alternate Director		
Mr. Lai Kai Ming, Dominic	–	–

In addition to the regular Board meetings, a meeting between the Chairman and Independent Non-executive Directors without the presence of other Directors was held once in 2021.

Each of the Non-executive Directors (including the Independent Non-executive Directors) has entered into a letter of service with the Company for a term of 12-month period. The appointment will be automatically renewed for successive 12-month periods unless terminated by either party in writing prior to the expiry of the term. In accordance with the Articles of Association of the Company, all Directors are subject to re-election by shareholders at annual general meetings and at least once every three years on a rotation basis.

Nomination of Directors

Nomination Committee

The Company established the Nomination Committee on 1 April 2021. The Nomination Committee, chaired by Mr. James Sha, an Independent Non-executive Director and with the Chairman Mr. Frank John Sixt and Independent Non-executive Director Mr. Chan Tze Leung as members.

The responsibilities of the Nomination Committee are to review the structure, size, diversity profile and skills set of members of the Board against its needs and make recommendation on the composition of the Board to achieve the Group's corporate strategy as well as promote shareholder value. It identifies suitable director candidates and selects or makes recommendation to the Board on the appointment or re-appointment of Directors and succession planning of Directors. Furthermore, it also assesses the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules and reviews the Director Nomination Policy and the Board Diversity Policy periodically and makes recommendation on any proposed revisions to the Board.

Nomination Process

The nomination process has been, and will continue to be, conducted in accordance with the Director Nomination Policy and the Board Diversity Policy, which are available on the website of the Group. The Board will from time to time review these policies and monitor their implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

Board candidates are selected based on merit and the contribution such candidate can bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Group and the benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that the Nomination Committee may consider relevant from time to time towards achieving a diversified Board.

In the determination of the suitability of a candidate, the Nomination Committee will have due regard to the benefits of various aspects of diversity in accordance with the Board Diversity Policy. If the Board determines that an additional or replacement Director is required, the Nomination Committee will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms. Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election. A circular containing the requisite information on retiring Directors will be sent to shareholders prior to the general meeting at which such Directors are to be proposed for re-election, in accordance with the Listing Rules.

Corporate Governance Report

Shareholders of the Company may also nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Association of the Company and applicable laws and regulations. The procedures for such proposal are posted on the website of the Group.

The Nomination Committee held one meeting in 2021 with 100% attendance.

Name of Members	Attended
Mr. James Sha *(Chairman)*	1/1
Mr. Frank John Sixt	1/1
Mr. Chan Tze Leung	1/1

During 2021, the Nomination Committee reviewed the structure, size and composition (including the skills set, knowledge and experience) of the Board, ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors.

The Nomination Committee also assessed the independence of all the Independent Non-executive Directors and considered all of them to be independent having regard to the annual independence confirmation provided by the Independent Non-executive Directors, the assessment of the Nomination Committee of their independence with reference to the independence criteria set out in Rule 3.13 of the Listing Rules; and in particular, considered that the Independent Non-Executive Directors continue to provide a balanced and independent view to the Board and play a leading role in the Board committees and bring independent and external dimension as well as constructive and informed comments on issues of the Group's strategy, policy, performance, accountability, resources, key appointments and standards of conduct. None of the Independent Non-executive Directors have any involvement in the daily management of the Company, or any financial or other interests or relationships in the business of the Company. In addition, there are no circumstances which would materially interfere with their exercise of independent judgment.

In December 2021, the Nomination Committee reviewed the structure, skills set, expertise and competencies of members of the Board, affirmed the independence of the Independent Non-executive Directors, deliberated and selected Directors for retirement and re-election at the 2022 annual general meeting and recommended to the Board for consideration.

During the aforesaid review process, the Nomination Committee, having assessed the independence of Mr. Sha, is of the view that he would continue to bring in fresh perspectives, objective insights and independent judgment to the Board as well as the Board committees he currently serves on. The Nomination Committee is of the opinion that Mr. Sha continues to demonstrate the attributes of independent non-executive directors and there is no evidence that his tenure of over nine years has compromised or would compromise on his continued independence. In particular, Mr. Sha has played a leading role in the Audit Committee and Nomination Committee, and would continue to bring independent and external dimension as well as constructive and informed comments on issues of the Group's strategy and policy, accountability, resources and key appointments. The Nomination Committee also considers that Mr. Sha remains independent notwithstanding the length of his service of more than nine years and believes that his valuable knowledge and experience in the businesses of the Group and his general business acumen continues to generate significant contribution to the Company and the Shareholders as a whole and thus recommends Mr. Sha for re-election at the forthcoming annual general meeting. Further, the Nomination Committee is of the view that he meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines.

The Nomination Committee is of the view that each of Mr. Yeung Kwok Mung, Mrs. Lee Pui Ling, Angelina and Mr. James Sha possesses the relevant expertise and leadership qualities to complement the capabilities of other members of the Board, and will continue to contribute to the Board with his/her deep understanding of the businesses of the Group, diversity of skills set and perspectives as well as devotion to the Board. The Nomination Committee also believes that the valuable knowledge and experience of these retiring Directors in the businesses of the Group and their general business acumen continue to generate significant contribution to the Company and the shareholders as a whole. The Nomination Committee is also satisfied with the independence of each of Mr. James Sha, Dr. Fong Chi Wai, Alex and Mr. Chan Tze Leung with reference to the criteria laid down in the Listing Rules, and their ability to provide independent views to the Company's matters.

As stated in the Report of the Directors on page 17, Mr. Yeung Kwok Mung, Mrs. Lee Pui Ling, Angelina and Mr. James Sha, will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

On 10 March 2022, after taking into account the Nomination Committee's recommendation, the Board considered the nomination of the aforesaid Directors who will offer themselves for re-election, and decided to propose the resolutions to elect Mr. Yeung Kwok Mung as Executive Director, Mrs. Lee Pui Ling, Angelina as Non-executive Director, and Mr. James Sha as Independent Non-executive Director at the forthcoming annual general meeting. The nomination and proposed re-election were made in accordance with the Director Nomination Policy and took into account the Board Diversity Policy. Each of the above Directors has abstained from voting on his/her own nomination when it was being considered.

The particulars of the above retiring Directors are set out in the circular to shareholders to be sent together with this Annual Report and posted on the Company's website.

Training and Commitment

Upon appointment to the Board, Directors receive a package of orientation materials on the Group and are provided with a comprehensive induction to the Group's business by senior executives.

The Company provides to Directors relevant reading materials and opportunities to attend training offered by related companies or third party providers to help to ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics counts toward continuous professional development. Directors disclose to the Company their interests as a director and other office in other public companies and organisations in a timely manner together with any subsequent changes thereto.

The individual training record of each Director who held office during the year ended 31 December 2021 is set out below:

	Areas		
Name of Director	Legal, Regulatory and Corporate Governance	Group's Businesses	Directors' Roles, Functions and Duties
Chairman			
Mr. Frank John Sixt	✓	✓	✓
Executive Director			
Mr. Yeung Kwok Mung *(Chief Executive Officer)*	✓	✓	✓
Non-executive Directors			
Ms. Chang Pui Vee, Debbie	✓	✓	✓
Mrs. Lee Pui Ling, Angelina	✓	✓	✓
Independent Non-executive Directors			
Mr. James Sha	✓	✓	✓
Dr. Fong Chi Wai, Alex	✓	✓	✓
Mr. Chan Tze Leung	✓	✓	✓

Board Committees

The Board is supported by four permanent Board committees: the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee, details of which are described later in this report. The terms of references of these committees are available on websites of the Company and HKEx.

Company Secretary

The Company Secretary, Mr. Man Tak Cheung is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. The Company Secretary ensures timely preparation and dissemination to Directors meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board and Board Committee meetings are sent to Directors or Board Committee members as appropriate for comments, approval and records. The minutes are available for inspection by any Director at any reasonable time and on reasonable notice.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests in securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles of Association of the Company. Whilst the Company Secretary reports to the Board through the Chairman, all members of the Board have access to the advice and service of the Company Secretary. The Company Secretary has the day-to-day knowledge of the Company's affairs. In response to specific enquiries made, Mr. Man Tak Cheung confirmed that he has complied with all the proposed qualifications, experience and training requirements of the Listing Rules in relation to the company secretary throughout 2021.

Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half year end.

The Directors acknowledge their responsibility for preparing the financial statements and annual report of the Company. With the assistance of the Finance Department which is under the supervision of the Chief Financial Officer, the Directors ensure the financial statements of the Company give a true and fair view and are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors should incorporate such internal control as the Directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position of the Group upon which financial statements of the Group could be prepared in accordance with the Group's accounting policies. The Directors consider that in preparing the financial statements, the Group has applied appropriate accounting policies that are consistently adopted and made judgements and estimates that are reasonable and prudent in accordance with the applicable accounting standards. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group. The Directors also ensure the publication of the consolidated financial statements of the Group is made in a timely manner. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 58 to 66.

Audit Committee

The Company has established the Audit Committee in January 2000. The Audit Committee currently consists of three Independent Non-executive Directors and one Non-executive Director who possess the relevant financial and business management experience and skills to understand financial statements and monitor the financial governance, internal controls and risk management of the Company. It is chaired by Dr. Fong Chi Wai, Alex and the other members of the Audit Committee include Mr. James Sha, Mrs. Lee Pui Ling, Angelina and Mr. Chan Tze Leung. Written terms of reference in compliance with the Listing Rules have been adopted for the Audit Committee.

The principal duties of the Audit Committee include, among other things, overseeing and reviewing the adequacy and effectiveness of the risk management and internal control systems, oversight of the relationship with external auditor, review of the Group's financial information and monitoring the corporate governance of the Group including compliance with statutory and Listing Rules requirements, reviewing of scope, extent and effectiveness of the activities of the Group's financial reporting system and internal audit function, engages independent legal and other advisors and conducting investigations as it so determines to be necessary.

The Audit Committee held 4 meetings in 2021 with 100% attendance.

The attendance records of the Audit Committee meetings held in 2021 are set out below:

Name of Members	Attended
Dr. Fong Chi Wai, Alex *(Chairman)*	4/4
Mr. James Sha	4/4
Mrs. Lee Pui Ling, Angelina	4/4
Mr. Chan Tze Leung	4/4

During the year, the Audit Committee performed the duties and responsibilities under the terms of reference and other duties as required under the Code.

The Audit Committee meets with the Chief Financial Officer and other senior management and the Company's internal and/or external auditor, where applicable to discuss their respective audit findings, the accounting principles and practices adopted by the Group, legal and regulatory compliance, internal control, risk management and financial reporting matters (including the interim and annual financial statements before recommending them to the Board for approval). In particular, the Audit Committee monitored the integrity of consolidated financial statements of the Group, the annual report and accounts, and interim review report and accounts of the Group, discussed such annual report and audited accounts, interim report and accounts with Management and the external auditor, and considered significant financial reporting and judgements contained therein. In this regard, in reviewing such reports and accounts of the Company before submission to the Board, the Audit Committee focused particularly on:

(a) financial reporting and accounting policies and practices and any changes in these policies and practices;

(b) major judgemental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumption and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the Listing Rules, other applicable rules and legal requirements in relation to financial reporting.

The Audit Committee also meets with the Group's internal auditor separately without the presence of Management. The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of risk management and internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It reviews with the Group's internal audit the work plan for their audits together with their resource requirements and considers the report submitted by the Group's internal auditor to the Audit Committee on the effectiveness of risk assessment and internal controls in the Group business operations. In addition, where necessary, it seeks advice from the Group's Group Senior Legal Counsel on the Group's material litigation proceedings and compliance status on regulatory requirements. The Audit Committee will seek legal advice (internally or externally) as and when necessary when it makes its recommendation to the Board for approval of the consolidated financial statements for the year.

External Auditor

The Audit Committee reviews and monitors the external auditor's independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditor confirming their independence and objectivity and holds meeting with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

The Group's policy regarding the engagement of its external auditor, PricewaterhouseCoopers, for the various services is listed below:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by external auditor.
- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, for example, due diligence and accounting advice related to mergers and acquisitions and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that it must or is best placed to undertake in their capacity as auditor.
- Taxation related services – include some tax compliance and tax planning services. All other significant taxation related work is undertaken by other parties as appropriate.
- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

External Auditor's Remuneration

The amount of fees charged by the external auditor of the Company generally depends on the scope and volume of the auditor's work. For the year ended 31 December 2021, the remuneration to the external auditor of the Company (after adjustment to prior years' accrual) were approximately HK$5,958,000 for audit services and HK$41,000 for non-audit services comprising tax services.

Recommendation for Re-appointment of External Auditor

The Board and Audit Committee were satisfied with the external auditor's work, its independence, and its objectivity, and therefore recommended the re-appointment of PricewaterhouseCoopers (which has indicated its willingness to continue in office) as the Group's external auditor for the financial year of 2022 for Shareholders' approval at the 2022 annual general meeting.

Remuneration Committee

The Company has established the Remuneration Committee in March 2000. The Remuneration Committee currently consists of a Non-executive Director and two Independent Non-executive Directors. It is chaired by Dr. Fong Chi Wai, Alex and the other members include Mr. Frank John Sixt and Mr. Chan Tze Leung. Normally, the remuneration packages of Directors and senior management of the Group are approved by the written resolutions signed by all members of the Remuneration Committee at the end of each year. The Remuneration Committee will meet as and when required to consider remuneration related matters of Directors and senior management of the Group. The Remuneration Committee is able to access to independent professional advice, if necessary.

The Remuneration Committee assists the Board in achieving its objectives of attracting, retaining and motivating employees of high calibre and experience needed to shape and execute strategy across the Group's diverse operations. It assists the Group to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and is also responsible for the administration of the share option schemes adopted by the Company, if any. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration packages of the Executive Director and certain senior management of the Group is delegated to the Remuneration Committee.

During the year, the Remuneration Committee reviewed background information on market data (including economic indicators and statistics), the Group's business activities and human resources issues, and headcount and staff cost. The Remuneration Committee had reviewed and approved the year-end bonus and 2022 remuneration package of Executive Director and senior executives of the Group. The Executive Director does not participate in the determination of his own remuneration.

Remuneration Policy

The remuneration of Directors and senior executives is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and individual's performance.

The Remuneration Committee's written terms of reference are published on the Company's website, and are compliant with the Code Provisions set out in Appendix 14 of the Listing Rules.

The Remuneration Committee had 1 meeting in 2021 with 100% attendance.

The attendance of the Remuneration Committee meeting are set out below:

Name of Members	Attended
Dr. Fong Chi Wai, Alex *(Chairman)*	1/1
Mr. Frank John Sixt	1/1
Mr. Chan Tze Leung	1/1

During the year, the Remuneration Committee performed the duties and responsibilities under the terms of reference and other duties as required under the Code.

Consistent with the principles as set out above, for the year ended 31 December 2021, the remuneration of Directors and senior management was determined with reference to the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and the prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Details of Directors' emoluments for the year ended 31 December 2021 are set out in note 39(a) to the consolidated financial statements.

Risk Management and Internal Control

Overviews

The Group's risk management and internal control systems, being an integral part of the Group's operations, are systems of process effected by the Board and management team to provide reasonable but not absolute assurance on the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding Group assets, providing reliable financial reporting, and complying with applicable laws and regulations.

The purpose of the risk management and internal control systems is to identify and manage the risks which are categorised as strategic, operational, compliance and financial risks of the Group so as to reduce, mitigate, transfer or avoid them. Whilst risk management and internal control systems are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they can only provide reasonable and not absolute assurance against material mis-statement, errors, losses or fraud.

Responsibility

The Board has the overall responsibility for the Group's system of risk management, internal control and corporate governance compliance.

In meeting such responsibility, the Board seeks to increase awareness of risk across the Group's business operations by charging the Executive Director of the Company the responsibility to provide a framework for the identification and management of risk by putting in place policies and procedures such as parameters of delegated authority.

The Board evaluates and determines the nature and extent of the risk that the Company is willing to accept in pursuit of the Group's strategic and business objectives. It also reviews and monitors the effectiveness of the system of risk management and internal control on an ongoing basis. Reporting and review activities include the review and approval by the Board of detailed operational and financial reports, budgets and plans provided by management of business operations, review by the Board, on a monthly basis, of actual results against budget and against the same period of the immediate previous year, review by Audit Committee, with the internal auditor of the Company on a bi-yearly basis, of the ongoing work of the Group's internal audit and risk management functions, as well as regular business reviews by Executive Director and the executive management team of each core business units.

Risk Management

On behalf of the Board, the Audit Committee regularly reviews corporate governance structure and practices within the Group and monitors compliance fulfillment on an ongoing basis.

To assist the Audit Committee to fulfill its responsibilities in managing risk, a risk management committee, facilitated by the Company's internal auditor, has been set up. The risk management committee has adopted an Enterprise Risk Management ("ERM") framework which is consistent with the COSO (the Committee of Sponsoring Organisations of the Treadway Commission) framework. This framework facilitates a systematic approach to the management of risk within the Group, coupled with an internal control environment, enabling the Group to identify, evaluate and manage the risk that it faces, be it strategic, financial, operational or compliance. The risk management committee, in undertaking the risk review and report exercise, adopts a "top-down and bottom-up" approach, involving input from each core business unit, discussions with the management teams of each core business unit as well as the Executive Director, about current and emerging risks, their possible impact and mitigating measures. These measures also takes into account recommendations made by the Group's internal auditor, such as instituting additional controls and safeguards, with the view to transfer or minimise financial impact of risks to the Group's businesses.

During the year, the risk management committee reviewed key risk areas within the Group. Each core business unit is required to identify and assess the significant risks and have them recorded in the form of a risk register, which is the outcome from this "top-down and bottom-up" approach. Mitigation measures and plans are also registered to facilitate review and track its progress. The risk registers are considered by the Executive Director who takes a holistic view of all the significant and material risk the Group faces. The Company's internal auditor presents to Audit Committee, on a bi-yearly basis, reports on risk management which includes the risk register, reports on work undertaken by its team throughout the year, such as review of the business processes and activities including any action plans to address any identified control weaknesses. External auditor will also report on any control issues identified in the course of their audit work. The Audit Committee, on behalf of the Board, reviews all these reports to ensure that all significant and material risks are identified and appropriately managed and then approves of it before reporting to the Board. The Board will conclude its annual review and approve on the effectiveness of the risk management and internal control systems.

Taking a holistic approach, the Group has integrated the risk management and internal control systems into its business processes through reporting, review activities and planning. The Group's risk management and internal control systems include a comprehensive system for reporting information to the executive management teams of each core business unit and the Executive Director.

Internal Control Environment

The Board has the overall responsibility of monitoring the operations of the businesses within the Group. Executive Director is appointed to the boards of all material operating subsidiaries, joint operation and associated companies for monitoring those companies, review and approval of business strategies, budgets and plans, and setting of key business performance targets. The executive management team of each core business unit is accountable for the conduct and performance of each business in the unit within the agreed strategies and similarly the management of each business is accountable for its conduct and performance.

Business plans and budgets are prepared annually by the management of individual businesses and subject to review and approval by both the executive management teams and the Executive Director. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Director reviews monthly management reports on the financial results and key operating statistics of each significant and material businesses. The Chief Financial Officer has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business unit with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval prior to commitment by the Directors are required for unbudgeted expenditures and material expenditures within the approved budget. Monthly reports of actual versus budgeted and approved expenditures are also reviewed.

The Group maintains a centralised cash management system for its unlisted subsidiary operations and the Group treasury function, and the Group's cash and liquid investments, borrowings and movements are reported to the Chief Financial Officer on a monthly basis.

In terms of review of the Group's internal control system, an internal control self-assessment process is in place, requiring the management team of each significant and material unit to review and evaluate the effectiveness of the controls over the operations and devise action plans to address the issues (if any). The Group's internal auditor provides independent assurance as to the existence and effectiveness of the risk management and internal control activities in the Group's business operations in different jurisdictions. Using risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit devises its yearly audit plan which is reviewed by the Audit Committee and reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. Internal audit is responsible for assessing the Group's risk management and internal control systems, formulating an impartial opinion on the system, makes constructive recommendations to the relevant management for necessary actions, follows up on all reports to ensure that all issues have been satisfactorily resolved and reporting its findings to the Audit Committee and the Executive Director. In addition, a regular dialogue with the Group's external auditor is maintained so that the external auditor is aware of the significant factors which may affect their scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal audit function includes financial/information technology and operations reviews, recurring and surprise audits, fraud investigations and productivity efficiency reviews.

These assessment results, together with the Group's internal auditor's reports as mentioned above together with independent assessments by external auditor, form part of the basis on which the Audit Committee formulate their opinion on the Group's risk management and internal control systems.

Handling of Inside Information

With a view to identifying, handling and disseminating inside information in compliance with the SFO, the Group has set out its policy to regulate procedures and internal controls including pre-clearance on dealing in Group's securities by designated members of management, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, identification of project by code name and dissemination of information to stated purpose and on a need-to-know basis to guard against possible mishandling of inside information within the Group.

Corporate Governance

The Board is entrusted with the overall responsibility for developing and maintaining sound and effective corporate governance within the Group and is committed to ensuring that an effective governance structure is put in place to continuously review and improve the corporate governance practices within the Group in light of the evolving operating environment and regulatory requirements.

Under its terms of reference, the Audit Committee has been delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. To assist the Audit Committee in fulfilling its responsibilities, a governance working group chaired by the Chief Financial Officer comprising representatives from key departments of the Company was set up to continuously examine the corporate governance structure of the Group, provide updates, identify emerging matters of compliance, structure appropriate compliance mechanisms and monitor compliance fulfillment on an ongoing basis.

Review of Risk Management and Internal Control and Corporate Governance Compliance

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's risk management and internal control for the year ended 31 December 2021 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate. In addition, it has also reviewed and was satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

Legal, Regulatory Compliance and Directors and Officers Liability Insurance

The Group's legal department has the responsibility of safeguarding the legal interests of the Group. The legal and company secretarial teams who report to the Group Senior Legal Counsel and the Company Secretary respectively, are responsible for monitoring the legal affairs of the Group, including preparing, reviewing and approving legal and corporate secretarial documentation of the Group companies, working in conjunction with finance team on the review and co-ordination process. In addition, the legal department is also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory framework within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting response to relevant regulatory and/or government consultations. The legal department determines and approves the engagement of external legal advisors, ensuring the requisite professional standard are adhered to as well as most cost effective services are rendered. The legal department also oversees the procedures and internal controls for handling and dissemination of information of the Company. The Corporate Communications & Investor Relations Department with the support of the Group's legal department has established and implemented procedures for responding to external enquiries about the Group's affairs.

At the 2021 annual general meeting, a special resolution was passed to amend the Memorandum and Articles of Association of the Company ("M&A") in order to provide flexibility to the Company on the conduct of general meetings in the form of hybrid meetings at which shareholders may participate by means of electronic facilities in addition to physical attendance. The amendments also explicitly set out other related powers of the Board and the chairman of the general meeting, including ensuring the security and orderly conduct of the meetings. Other minor amendments to the M&A were also made to introduce corresponding as well as house-keeping changes. An updated copy of the M&A is available on the websites of the Company and HKEx.

Directors and officers liability insurance is in place to protect Directors and officers against potential legal liabilities.

Corporate Governance and Sustainability Policies

The Group places utmost importance on the ethical, personal and professional standards of Directors and employees of the Group. It is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings. The Group has adopted and implemented a number of corporate governance and sustainability policies imposing requirements on Directors and employees to conduct themselves in compliance with applicable laws, rules and regulations. These policies are reviewed from time to time to ensure their relevance and appropriateness to the Group's business, corporate strategy and stakeholder expectations.

Key corporate governance and sustainability policies and guidelines of the Group include:

Code of Conduct

The Code of Conduct of the Group sets the standards for employees as are necessary to promote honest and ethical conduct, accurate and timely disclosure in the reports and documents that the Group files or submits to regulators, compliance with applicable laws and regulations, prompt internal reporting of violations and accountability for compliance with the Code of Conduct. Every employee is required to undertake to adhere to the Code of Conduct, which includes provisions dealing with conflict of interest, equal opportunities, diversity and a respectful workplace, health and safety, protection and proper use of company assets, record keeping, bribery and corruption, personal data protection and privacy as well as reporting procedures for illegal and unethical behaviour. It is also the Group's general policy not to make any form of donation to political associations or individual politicians. Approval from the Group Chief Executive Officer is required for any political contributions by the Group. Employees are required to report any non-compliance with the Code of Conduct in accordance with the established reporting and escalation procedures.

Whistleblowing Policy

In line with the commitment to achieve and maintain high standards of openness, probity and accountability, the Company expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report to the Company any suspected impropriety, misconduct or malpractice concerning the Group. In this regard, the Company has adopted the Whistleblowing Policy, which is posted on the website of the Group. The procedures aim to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system, including anonymity and legal protection against unfair dismissal or victimisation for any genuine reports made.

Anti-Fraud and Anti-Bribery Policy

In its business dealings, the Group does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Anti-Fraud and Anti-Bribery Policy, which outlines the Group's zero-tolerance stance against bribery and corruption, assists employees in recognising circumstance which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance where necessary. Each Group company is required to report any actual or suspected incident of bribery, corruption, theft, fraud or similar offences to the Group Head of Finance Department and the General Manager of the Group's internal audit function for independent analyses and necessary follow up (see page 48 of this report for more details).

Policy on Appointment of Third Party Representatives

The Group is also committed to promoting anti-corruption practices amongst any third party representatives (such as advisers, agents, consultants, introducers and finders) it engages. All Group companies are required to exercise due care and diligence in selecting third party representatives and in monitoring their activities, and should adhere to the Group's Policy on Appointment of Third Party Representatives in this regard.

Media, Public Engagement and Donation Policy

The Group places high value on its reputation in the communities and countries where it operates. Employees are required to observe the Media, Public Engagement and Donation Policy to ensure that the market receives timely and accurate information about the Group. The Group Corporate Communications & Investor Relations Department is designated to help the Management provide clear, consistent and congruent messages for the Group's businesses through the media in a speedy, professional and well-coordinated manner.

Shareholders Communication Policy

The Group is committed to enhancing long-term shareholder value through regular communication with its shareholders, both individual and institutional. To this end, the Group strives to ensure that all shareholders have ready and timely access to all publicly available information of the Group. The Shareholders Communication Policy sets out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

Policy on Securities Dealing and Handling of Confidential and Price-sensitive Inside Information

With a view to ensuring that inside information is identified, handled and disseminated in compliance with the SFO, and proper internal control procedures are in place to guard against mishandling of inside information which may constitute insider dealing or breach of any other statutory obligations, the Group has implemented the Policy on Securities Dealing and Handling of Confidential and Price-sensitive Inside Information. The policy also adopts additional precautions which should be taken by employees who are in possession of inside information, including identification of project by code name and communication of information for stated purpose and on a need-to-know basis only. Whilst all employees are absolutely prohibited at all times from dealing in the securities of any listed entity within the Group when they are in possession of unpublished inside information, certain members of senior management or staff are subject to specific additional compliance requirements as are communicated to them individually from time to time (including but not limited to obtaining written pre-clearance from designated members of management prior to any dealing in any such securities is allowed).

Policy on Personal Data Governance

The Group is also committed to the safeguard and protection of the personal data of its customers and employees. Employees must only collect and use personal data in accordance with applicable data protection laws, as well as the Policy on Personal Data Governance and the applicable local policies and procedures.

Information Security Policy

Employees must not disclose any confidential information of the Group, its customers, suppliers, business partners or shareholders, except when disclosure is authorised by the Group in accordance with the Information Security Policy which defines the common policies for information confidentiality, integrity and availability to be applied across the entire Group.

Board Diversity Policy and Director Nomination Policy

The two Board policies, Board Diversity Policy and Director Nomination Policy adopted by the Board, were updated in April 2021. These two policies set out the approach and procedures the Board adopts for the nomination and selection of Directors as well as the approach to achieving diversity. Further details of the policies are provided on page 35 of this report.

Investor Relations and Shareholders' Rights

The Group promotes investor relations and communications with the investment community when the financial results are announced.

The Board is committed to providing clear and full information of the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. Additional information is also available to shareholders on the website of the Company.

The Board formalised and adopted a dividend policy for the Company. The Board is committed to maintaining an optimal capital structure. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. The Board will continue to review the dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend the annual general meetings for which the Company gives at least 20 clear business days' notice. The Chairman, Directors and external auditor are available to answer questions on the Group's businesses at the meeting.

Shareholders who fulfill the requisite requirements have statutory rights to call for extraordinary general meetings by serving written requisition to the Company and put forward agenda items for consideration by shareholders. Furthermore, shareholders who fulfil the requisite requirements may put forward proposals for consideration at a general meeting of the Company by sending a written request for such proposals in accordance with the relevant statutory requirements. Votes of shareholders at general meetings will be taken by poll and the results of the poll are published on the websites of the Company and HKEx. Financial and other information on the Group is available on the Company's website, which is updated regularly.

The Company values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are welcome and can be addressed to our Investor Relations Manager by mail or by e-mail at ir@tomgroup.com.

Corporate Governance Report

The latest shareholders' meeting of the Company was the 2021 annual general meeting which was held on 10 May 2021 at 18/F, Hutchison Telecom Tower, 99 Cheung Fai Road, Tsing Yi, Hong Kong attended by external auditor and certain Directors including the Chairman of the Remuneration Committee, Chairman of the Audit Committee and Chairman of the Sustainability Committee. Resolutions were proposed at that meeting on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 10 May 2021 are set out below:

ORDINARY RESOLUTIONS		Number of Votes (Approx.%) For
1.	To consider and adopt the audited Financial Statements and the Reports of the Directors and the Independent Auditor for the year ended 31 December 2020.	2,482,698,514 (99.999194%)
2.	(a) To re-elect Mr. Frank John Sixt as a Non-executive Director.	2,482,698,514 (99.999194%)
	(b) To re-elect Ms. Chang Pui Vee, Debbie as a Non-executive Director.	2,482,698,514 (99.999194%)
	(c) To re-elect Mr. Chan Tze Leung as an Independent Non-executive Director.	2,482,698,514 (99.999194%)
3.	To re-appoint Auditor and authorise the Board to fix their remuneration.	2,482,698,514 (99.999194%)
4.	No. 4(1): To grant a general mandate to the Directors to issue, allot and dispose of additional shares.	2,482,698,514 (99.999194%)
	No. 4(2): To approve the repurchase by the Company of its own shares.	2,482,698,514 (99.999194%)
SPECIAL RESOLUTION		
5.	To approve the amendments to the Memorandum and Articles of Association.	2,482,682,514 (99.999194%)

Sustainability

Sustainability Governance & Approaches

The Group's sustainability governance structure provides a solid foundation for developing and delivering its commitment to sustainability, which is embedded at all levels of the Group, including the Board, the Sustainability Committee, the Sustainability Working Group, the Governance Working Group as well as all core businesses.

The Sustainability Committee, elevated as a Board level committee on 1 April 2021, is chaired by Mr. Yeung Kwok Mung with Dr. Fong Chi Wai, Alex and Mr. Man Tak Cheung as members.

The responsibilities of the Sustainability Committee are:

- to propose and recommend to the board on the Group's corporate social responsibility and sustainability objectives, strategies, priorities, initiatives and goals;

- to oversee, review and evaluate actions taken by the Group in furtherance of the corporate social responsibility and sustainability priorities and goals, including coordinating with the business divisions of the Group and ensuring that their operations and practices adhere to the relevant priorities and goals;

- to review and report to the board on sustainability risks and opportunities;

- to monitor and review emerging corporate social responsibility and sustainability issues and trends that could impact the business operations and performance of the Group; and

- to oversee and review the Group's corporate social responsibility and sustainability policies, practices, frameworks and management approach, and to recommend improvements.

The Sustainability Committee (established on 1 April 2021) held 3 meetings in 2021 with 100% attendance.

The attendance of the Sustainability Committee meeting are set out below:

Name of Members	Attended
Mr. Yeung Kwok Mung *(Chairman)*	3/3
Dr. Fong Chi Wai, Alex	3/3
Mr. Man Tak Cheung	3/3

Corporate Governance Report

During 2021, the Sustainability Committee approved the 2021 plan on sustainability for the Group, including the following high-level priorities: (i) oversee and review the Group's corporate social responsibility and sustainability policies, practices, frameworks and management approach, and to recommend improvements; (ii) review and report to the Board on Sustainability risks and opportunity; and (iii) consider the impact of the Company's corporate social responsibility and sustainability on its stakeholders, including employees, shareholders, local communities and the environment.

Supporting the Sustainability Committee is the Sustainability Working Group, comprising the Executive Director as Chair, as well as other senior executives from key departments that influence the Group's material sustainability impacts.

The Group's overall sustainability approach and priorities are built on four pillars, namely Business, People, Environment and Community. Each pillar is supported by Group-wide policies, leadership at the Group level and the collective efforts of each core business division. During the year, the Group has committed to seven environmental targets to further progress our sustainability agenda. On an ongoing basis, the Group continues to assess, update and refine its sustainability policies with a view of ensuring that its systems, processes, standards and practices are enabling the achievement of the Group's sustainability objectives which also evolve to reflect emerging sustainability trends. These policies can be found in the "Corporate Governance and Sustainability Policies" section of the Group's corporate website (https://www.tomgroup.com/en/about_sustainability.html), with several of which mentioned earlier in this report, form the foundation of Group's sustainability governance framework.

Sustainability Initiatives & Performance

The standalone sustainability report of the Group will be published in March 2022. More detailed discussion of the Group's sustainability initiatives and performance, the Group's compliance with relevant laws and regulations that have a significant impact on the Group, and an account of the Group's relationships with the key stakeholders are set out in the Sustainability Report, which will be published on the website of the Stock Exchange and the Company's website at www.tomgroup.com for inspection and download.

By order of the Board

Man Tak Cheung
Company Secretary

Hong Kong, 10 March 2022

pwc

羅兵咸永道

Independent Auditor's Report
To the Shareholders of TOM Group Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of TOM Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which are set out on pages 67 to 170, comprise:

- the consolidated and Company statements of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021, and of its consolidated loss 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.

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Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matters

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

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

- Goodwill; and

- Valuation of investment in financial assets at fair value through other comprehensive income

Key Audit Matter	How our audit addressed the Key Audit Matter
1. **Goodwill** *Refer to note 16 to the consolidated financial statements* The Group has a significant amount of goodwill arising primarily from the acquisition of various businesses in prior years. As at 31 December 2021, goodwill, which amounted to HK$528 million, is related to Social Network, Publishing and Advertising cash generating units. Goodwill with an indefinite useful life is subject to impairment assessments annually and when there is an indication of impairment. We focused on auditing the impairment assessments of goodwill because the estimation of recoverable amounts is subject to a high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to subjectivity of significant assumptions used. In carrying out the impairment assessments of Social Network, Publishing and Advertising Groups, significant judgements are required to estimate the future cash flows and to determine the assumptions, including the growth rates used in the cash flow projections and the discount rates applied to bring the future cash flows back to their present values.	The procedures to evaluate the Group's impairment assessments of goodwill included: • Obtaining an understanding of the management's assessment process for estimating the recoverable amount of cash generating units and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Evaluating the outcome of prior period assessments of estimated recoverable amounts of cash generating units to assess the effectiveness of management's estimation process; • Comparing recoverable amounts of cash generating units to their carrying values including goodwill; • Assessing the appropriateness of the valuation methodologies used; • Assessing the reasonableness of key assumptions based on our knowledge of the relevant business and industry and with the involvement of our valuation specialists; • Testing source data to supporting evidence on a sample basis, such as approved budgets and available market data and considering the reasonableness of these budgets; and

Key Audit Matter	How our audit addressed the Key Audit Matter
1. **Goodwill (Continued)** Based on the results of impairment assessments conducted by management, no impairment of goodwill for the year ended 31 December 2021 is required. This conclusion is based on the recoverable amount, being the higher of the fair value less costs of disposal and value-in-use, being in excess of the carrying value including goodwill of respective cash-generating units. The significant assumptions in respect of these impairment assessments are disclosed in note 16 to the consolidated financial statements.	• Performing sensitivity analyses on the key assumptions where we flexed the growth rates and discount rates as these are the key assumptions to which the valuation models are the most sensitive. We found the assumptions adopted in relation to these impairment assessments to be supportable based on available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Valuation of investment in financial assets at fair value through other comprehensive income *Refer to note 20 to the consolidated financial statements* The Group's investment in financial assets at fair value through other comprehensive income ("Investments") are subject to fair value revaluation at each reporting date. The majority of the Investments were valued by independent external valuers using the market approach. The remaining Investments were valued by management based on the market approach and asset-based approach. With reference to the respective valuations, management had estimated the fair value of the Investments at HK$1,091 million at year end. Changes in the fair values of financial assets at fair value through other comprehensive income during the year of HK$10 million were recognised in other comprehensive income. The valuation of the Group's financial assets at fair value through other comprehensive income was a key area of audit focus due to their significance to the Group's non-current assets and other comprehensive income.	The procedures to evaluate the Group's assessments of financial assets at fair value through other comprehensive income included: • Obtaining an understanding of the management's assessment process of estimated valuation of investment in financial assets at fair value through other comprehensive income and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. For listed Investments: • Assessing the appropriateness of the valuation methodologies performed by management; and • Testing the accuracy and relevance of input data used by the management based on available market data. For unlisted Investments: • Obtaining the valuation reports and discussing with the independent external valuers on the valuation methodologies and key assumptions; • Assessing the competence, capability and objectivity of the independent external valuers;

Key Audit Matter	How our audit addressed the Key Audit Matter
2. **Valuation of investment in financial assets at fair value through other comprehensive income (Continued)** The valuation involved judgements and estimates from management, including marketability discount, minority discount and probability of conversion scenario.	• Involving our valuation specialists and assessing the valuation methodologies and the reasonableness of the key assumptions used in the valuations performed by the independent external valuers, based on our research evidence of key assumptions and comparable market transactions for similar businesses, where applicable; • Assessing the appropriateness of the valuation methodologies performed by management; and • Testing, on a sample basis, the accuracy and relevance of input data used by the management and independent external valuers including the subscription price of the latest round of financing of the equity interests. In the context of the audit of the consolidated financial statements of the Group, we found the assumptions adopted in relation to the valuations to be supportable based on available evidence.

Other Information

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

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 March 2022

Consolidated Income Statement

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Revenue	4	889,370	867,970
Cost of sales		(514,208)	(508,633)
Selling and marketing expenses		(139,119)	(142,547)
Administrative expenses		(73,999)	(67,707)
Other operating expenses, net	6	(146,226)	(143,555)
Other gains, net		9,749	16,720
		25,567	22,248
Provision for impairment of goodwill	5	–	(46,333)
Provision for impairment in amounts due from associated companies	5	–	(95,080)
		25,567	(119,165)
Share of profits less losses of investments accounted for using the equity method		(62,969)	(78,072)
Provision for impairment in investments accounted for using the equity method	5	–	(874,444)
	18	(62,969)	(952,516)
Loss before net finance costs and taxation	7	(37,402)	(1,071,681)
Finance income		3,432	5,749
Finance costs		(58,599)	(81,027)
Finance costs, net	8	(55,167)	(75,278)
Loss before taxation		(92,569)	(1,146,959)
Taxation	9	(14,869)	(11,196)
Loss for the year		(107,438)	(1,158,155)
Attributable to:			
– Non-controlling interests		6,668	(94,222)
– Equity holders of the Company		(114,106)	(1,063,933)
Loss per share attributable to equity holders of the Company during the year			
Basic and diluted	11	HK(2.88) cents	HK(26.88) cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Loss for the year		(107,438)	(1,158,155)
Other comprehensive income for the year, net of tax			
– Items that will not be reclassified subsequently to income statement:			
Remeasurement of defined benefit plans		5,459	842
Revaluation surplus of financial assets at fair value through other comprehensive income	20	10,373	39,892
Share of revaluation (deficit)/surplus through other comprehensive income from an associated company	18	(267)	1,221
		15,565	41,955
– Item that may be subsequently reclassified to income statement:			
Exchange translation differences		(2,908)	26,030
		12,657	67,985
Total comprehensive expense for the year		(94,781)	(1,090,170)
Total comprehensive (expense)/income for the year attributable to:			
– Non-controlling interests		10,938	(82,335)
– Equity holders of the Company		(105,719)	(1,007,835)

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	13	28,626	36,486
Right-of-use assets	14	27,729	32,760
Investment properties	15	23,302	22,800
Goodwill	16	528,380	528,211
Other intangible assets	17	142,157	140,862
Investments accounted for using the equity method	18	158,934	230,470
Financial assets at fair value through other comprehensive income	20	1,090,603	1,017,454
Deferred tax assets	30(a)	49,931	48,935
Pension assets	29(a)	9,680	4,233
Other non-current assets	21	103,561	95,187
		2,162,903	2,157,398
Current assets			
Inventories	22	98,149	97,207
Trade and other receivables	23	266,426	311,383
Restricted cash	24	6,813	6,691
Cash and cash equivalents	25	493,485	452,915
		864,873	868,196
Current liabilities			
Trade and other payables	26	568,521	575,604
Taxation payable		28,438	24,168
Long-term bank loans – current portion	28	21,038	33,060
Short-term bank loans	27	–	34,438
Lease liabilities – current portion	14	20,708	25,395
		638,705	692,665
Net current assets		226,168	175,531
Total assets less current liabilities		2,389,071	2,332,929

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Deferred tax liabilities	30(b)	11,626	12,744
Long-term bank loans – non-current portion	28	3,366,768	3,212,651
Lease liabilities – non-current portion	14	7,482	10,020
Pension obligations	29(a)	13,761	13,675
		3,399,637	3,249,090
Net liabilities		(1,010,566)	(916,161)
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	31	395,852	395,852
Deficits		(1,695,141)	(1,589,291)
Own shares held	32	(6,244)	(6,244)
		(1,305,533)	(1,199,683)
Non-controlling interests		294,967	283,522
Total deficit		(1,010,566)	(916,161)

Yeung Kwok Mung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to equity holders of the Company													
	Share capital *HK$'000*	Own Shares held *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	General reserve *HK$'000*	Fair value through other comprehensive income reserve *HK$'000*	Properties revaluation reserve *HK$'000*	Exchange reserve *HK$'000*	Other reserve *HK$'000*	Accumulated losses *HK$'000*	Total shareholders' deficits *HK$'000*	Non-controlling interests *HK$'000*	Total deficit *HK$'000*
Balance at 1 January 2021	395,852	(6,244)	3,744,457	(75,079)	776	174,686	512,608	14,625	696,856	6,096	(6,664,316)	(1,199,683)	283,522	(916,161)
Comprehensive income:														
Loss for the year	–	–	–	–	–	–	–	–	–	–	(114,106)	(114,106)	6,668	(107,438)
Other comprehensive income:														
Remeasurement of defined benefit plans	–	–	–	–	–	–	–	–	–	–	5,558	5,558	(99)	5,459
Revaluation surplus of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	7,811	–	–	–	–	7,811	2,562	10,373
Share of revaluation deficit through other comprehensive income from an associated company	–	–	–	–	–	–	(240)	–	–	–	–	(240)	(27)	(267)
Exchange translation differences	–	–	–	–	–	–	–	–	(4,742)	–	–	(4,742)	1,834	(2,908)
Total comprehensive income/(expense) for the year ended 31 December 2021	–	–	–	–	–	–	7,571	–	(4,742)	–	(108,548)	(105,719)	10,938	(94,781)
Transactions with equity holders:														
Dividend distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(6,749)	(6,749)
Disposal of subsidiaries (note 33(b))	–	–	–	(131)	–	–	–	–	–	–	–	(131)	7,256	7,125
Transfer to general reserve	–	–	–	–	–	(5,486)	–	–	–	–	5,486	–	–	–
Transfer to accumulated losses upon disposal of a financial asset at fair value through other comprehensive income	–	–	–	–	–	–	631	–	–	–	(631)	–	–	–
Transactions with equity holders	–	–	–	(131)	–	(5,486)	631	–	–	–	4,855	(131)	507	376
Balance at 31 December 2021	395,852	(6,244)	3,744,457	(75,210)	776	169,200	520,810	14,625	692,114	6,096	(6,768,009)	(1,305,533)	294,967	(1,010,566)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to equity holders of the Company													
	Share capital HK$'000	Own Shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Fair value through other comprehensive income reserve HK$'000	Properties revaluation reserve HK$'000	Exchange reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total shareholders' deficits HK$'000	Non-controlling interests HK$'000	Total equity/(deficit) HK$'000
Balance at 1 January 2020	395,852	(6,244)	3,744,457	(75,079)	776	170,872	480,550	14,625	681,956	6,096	(5,605,709)	(191,848)	368,732	176,884
Comprehensive income:														
Loss for the year	–	–	–	–	–	–	–	–	–	–	(1,063,933)	(1,063,933)	(94,222)	(1,158,155)
Other comprehensive income:														
Remeasurement of defined benefit plans	–	–	–	–	–	–	–	–	–	–	973	973	(131)	842
Revaluation surplus of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	39,126	–	–	–	–	39,126	766	39,892
Share of revaluation surplus through other comprehensive income from an associated company	–	–	–	–	–	–	1,099	–	–	–	–	1,099	122	1,221
Exchange translation differences	–	–	–	–	–	–	–	–	14,900	–	–	14,900	11,130	26,030
Total comprehensive (expense)/income for the year ended 31 December 2020	–	–	–	–	–	–	40,225	–	14,900	–	(1,062,960)	(1,007,835)	(82,335)	(1,090,170)
Transactions with equity holders:														
Dividend distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(6,322)	(6,322)
Disposal of a subsidiary (note 33(b))	–	–	–	–	–	–	–	–	–	–	–	–	3,447	3,447
Transfer to general reserve	–	–	–	–	–	3,814	–	–	–	–	(3,814)	–	–	–
Transfer to accumulated losses upon disposal of a financial asset at fair value through other comprehensive income	–	–	–	–	–	–	(8,167)	–	–	–	8,167	–	–	–
Transactions with equity holders	–	–	–	–	–	3,814	(8,167)	–	–	–	4,353	–	(2,875)	(2,875)
Balance at 31 December 2020	395,852	(6,244)	3,744,457	(75,079)	776	174,686	512,608	14,625	696,856	6,096	(6,664,316)	(1,199,683)	283,522	(916,161)

Consolidated Statement of Cash Flows
For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Net cash inflow from operations	33(a)	201,683	203,208
Interest paid		(17,385)	(58,113)
Overseas taxation paid		(11,827)	(4,814)
Net cash from operating activities		172,471	140,281
Cash flows from investing activities			
Capital expenditures		(124,586)	(131,168)
Capital investment in a financial asset at fair value through other comprehensive income	20	(62,400)	(39,000)
Proceeds from disposal of fixed assets		109	244
Disposal of subsidiaries	33(b)	(713)	203
Disposal of a financial asset at fair value through other comprehensive income	20	273	19,871
Share of return of capital from an associated company upon its deregistration	18	–	11,768
Capital injection in a financial asset at fair value through other comprehensive income	20	–	(540)
Dividends received		6,060	4,194
Net cash used in investing activities		(181,257)	(134,428)
Cash flows from financing activities			
New bank loans	33(c)	180,650	683,078
Loan repayments	33(c)	(81,836)	(575,682)
Loan arrangement fee paid		(24,296)	(17,773)
Principal elements of lease payments	33(c)	(27,287)	(28,445)
Dividends paid to non-controlling interests		(6,749)	(11,153)
(Increase)/decrease in restricted cash	24	(1)	907
Net cash from financing activities		40,481	50,932
Increase in cash and cash equivalents		31,695	56,785
Cash and cash equivalents at 1 January		452,915	371,776
Exchange adjustment		8,875	24,354
Cash and cash equivalents at 31 December	25	493,485	452,915

1 Principal accounting policies

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

(a) Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (together the "Group") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The consolidated financial statements have been prepared under the historical cost convention except that financial assets at fair value through other comprehensive income ("FVOCI") as stated in note 1(e)(ii), defined benefit plan assets as stated in note 1(m)(i), investment properties as stated in note 1(g) and investments accounted for using the equity method, of which the retained interests are remeasured to the fair value at the date when the Group lost control in the subsidiaries which became investments accounted for using the equity method of the Group, as stated in note 1(c) below.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

In preparing these consolidated financial statements, the Group has taken into account all information that could reasonably be expected to be available and has ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As at 31 December 2021, the Group had net liabilities of HK$1,011 million. The Group also has undrawn banking facilities guaranteed by one of its substantial shareholders. Given the availability of these undrawn banking facilities, the Group considers it will have adequate financial resources to enable it to operate and meet its liabilities and commitments as and when they fall due within the next 12 months from the end of the reporting period. Accordingly, the Group has prepared these consolidated financial statements on a going concern basis.

In the current year, the Group has adopted all the amendments to standards and interpretation issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2021.

1 Principal accounting policies (Continued)

(a) Basis of preparation (Continued)

The adoption of these amendments to standards and interpretation does not have a material impact on the Group's accounting policies.

The Group has early adopted Amendment to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021 ahead of its effective date. The amendment extends, by one year, the original amendment issued by HKICPA in June 2020. It permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The amount recognised in profit or loss for the reporting period arising from application of the practical expedient is set out in note 7(c) to the consolidated financial statements.

At the date of the authorisation of these financial statements, the following amendments to standards were in issue, and applicable to the Group's financial statements for annual periods beginning on or after 1 January 2022, but not yet effective and have not been early adopted by the Group:

Improvements to HKFRSs [1]	Annual Improvements to 2018-2020 Cycle
HKAS 1 (Amendments) [2]	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments) [2]	Disclosure of Accounting Policies
HKAS 8 (Amendments) [2]	Definition of Accounting Estimates
HKAS 12 (Amendments) [2]	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 16 (Amendments) [1]	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendments) [1]	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendments) [1]	Reference to the Conceptual Framework
HKFRS 10 and HKAS 28 (Amendments) [3]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for the Group for annual periods beginning 1 January 2022

(2) Effective for the Group for annual periods beginning 1 January 2023

(3) The original effective date of 1 January 2016 has been postponed until further announcement by the HKICPA

The Group has commenced an assessment of the impact of adoption of the amendments to standards applicable to the Group's financial statements for annual periods beginning on or after 1 January 2022, but not yet effective and have not been early adopted by the Group, but is not in a position to state whether these amendments to standards would have a significant impact to its results of operations or financial position.

1 Principal accounting policies (Continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries (including those directly or indirectly held or held through Contractual Arrangements) made up to 31 December and also incorporate the Group's interests in associated companies on the basis set out in note 1(d) below. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identified net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, carrying value of the acquirer's previously held equity interest in the acquiree at the acquisition date is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit and loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

1 Principal accounting policies (Continued)

(b) Consolidation (Continued)

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

Intra-group transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intra-group transactions that are recognised in assets and liabilities are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment (note 1(i)). Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

The laws and regulations of the People's Republic of China ("PRC") limit foreign ownership for enterprises engaging in certain business activities categorised as restricted foreign investment businesses ("Restricted Businesses"). The Group (and certain of its associated companies) operates certain business activities, such as advertising services, certain value-added telecommunications services and content production services which were initially/are classified as Restricted Businesses, by means of setting up domestic companies incorporated in the PRC by certain PRC nationals ("PRC Domestic Companies") through entering into a series of contractual agreements ("Contractual Agreements", the key provisions of the principal Contractual Agreements are set out on pages 169 to 170 (inclusive) of the consolidated financial statements), pursuant to which all economic benefits and risks arising from the business operation of such PRC Domestic Companies are transferred to the relevant subsidiaries of the Company ("Contractual Arrangements"). The Group does not have legal ownership in equity of these PRC Domestic Companies. Nevertheless, under the Contractual Agreements entered into among the relevant subsidiaries of the Company, PRC Domestic Companies and the PRC nationals who are the legal owners of PRC Domestic Companies, the Group is able to effectively control, recognise and receive substantially all the economic benefit of the businesses and operations of PRC Domestic Companies.

1 Principal accounting policies (Continued)

(b) Consolidation (Continued)

In summary, the Contractual Arrangements provide the Group through PRC Domestic Companies with, among other things:

- power to direct the relevant activities of the PRC Domestic Companies unilaterally;
- rights to variable returns from its involvement; and
- ability to use its power to affect its returns.

As a result, the Company regards the PRC Domestic Companies as subsidiaries of the Group under HKFRS. The Group has included the results of operations and financial position of the PRC Domestic Companies in the consolidated financial statements.

(c) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. The amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1 Principal accounting policies (Continued)

(d) Associated companies

Associated companies are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associated companies includes goodwill identified and intangible assets recognised on acquisition, net of accumulated amortisation of intangible assets other than goodwill and impairment losses, if any. Upon the acquisition of the ownership interest in an associated company, any difference between the cost of the associated company and the Group's share of the net fair value of the associated company's identifiable assets and liabilities is accounted for as goodwill.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount adjacent to "share of profits less losses of investments accounted for using the equity method" in the consolidated income statement.

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

Gain and losses on dilution of equity interest in associated companies are recognised in the consolidated income statement.

1 Principal accounting policies (Continued)

(e) Financial assets

The Group classifies its financial assets in the following categories: financial assets at amortised cost and financial assets at FVOCI. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's financial assets at amortised cost comprise "trade and other receivables", "cash and cash equivalents" and "restricted cash" in the consolidated statement of financial position.

(ii) Financial assets at FVOCI

Financial assets at FVOCI are non-derivatives that are designated in this category or where an election is made to present fair value gains and losses on equity investments in other comprehensive income. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at FVOCI are subsequently carried at fair value. Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method. Changes in the fair value of equity investments classified as financial assets at FVOCI are recognised in other comprehensive income. There is no subsequent reclassification of fair value gains or losses to profit or loss following the derecognition of the investments. Translation differences related to changes in financial assets at amortised cost are recognised in the consolidated income statement.

1 Principal accounting policies (Continued)

(e) Financial assets (Continued)

Dividends on equity investments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, or discounted cash flow analysis refined to reflect the issuer's specific circumstances.

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

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade and other receivables is described in note 1(l).

(f) Fixed assets

Fixed assets are stated at historical cost less depreciation and any impairment loss. Properties include leasehold land and buildings. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of fixed assets is provided at rates calculated to write off their costs over their estimated useful lives on a straight-line basis at the following annual rates:

Properties	over the shorter of the unexpired term of land lease or estimated useful lives of 50 years
Leasehold improvements	over the shorter of the lease terms or their useful lives of 5 years
Computer equipment	20% – $33^1/_3$%
Outdoor media assets	10% – 20%
Other assets	10% – $33^1/_3$%

1 Principal accounting policies (Continued)

(f) Fixed assets (Continued)

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

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/losses, net in the consolidated income statement.

(g) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the consolidated statement of financial position at their fair value. Changes in fair values of investment properties are recorded in the consolidated income statement.

(h) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

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

1 Principal accounting policies (Continued)

(h) Intangible assets (Continued)

(i) Goodwill (Continued)

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

(ii) Other intangible assets

Other intangible assets include concession rights, publishing rights, trademarks and domain names. Cost of other intangible assets are initially recognised and measured at cost. Other intangible assets with definite useful lives are amortised on a straight-line basis over the respective period of the operating right.

Principal annual rates are as follows:

Concession rights	5% – 14.3%
Publishing rights	6.7% – 20% or on an individual basis based on the volumes published in proportion to management's estimated total publishing volumes in respect of the publishing rights
Trademarks and domain names	12.5% – 20%

(i) Impairment of investments in subsidiaries and non-financial assets

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

1 Principal accounting policies (Continued)

(j) Leases

(i) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- lease payments made at or before the commencement date less any lease incentives received; and
- initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly computer equipment and small items of office furniture.

1 Principal accounting policies (Continued)

(j) Leases (Continued)

(ii) Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lease. If this is not the case, the lease is classified as an operating lease. However, when the Group is an intermediate lessor, the sublease are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(l) Trade and other receivables

Trade and other receivables are classified as current assets if collection is expected in one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group assess on a forward-looking basis the expected credit losses associated. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applied the simplified approach permitted by HKFRS 9, which requires expected credit losses to be recognised from initial recognition of the receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in other operating expenses, net in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amount previously written off are credited against other operating expenses, net in the consolidated income statement.

1 Principal accounting policies (Continued)

(m) Employee benefits

(i) Pension obligations

The Group operates various post-employment schemes, including both defined contribution and defined benefit pension plans, and the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies, taking into account of the recommendations of independent qualified actuaries.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plan, the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

1 Principal accounting policies (Continued)

(m) Employee benefits (Continued)

(i) Pension obligations (Continued)

Past service costs are recognised immediately in the consolidated income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present values.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

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

1 Principal accounting policies (Continued)

(o) Current and deferred income tax

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

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

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

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

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

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

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

1 Principal accounting policies (Continued)

(p) Provisions

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

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

(q) Trade payables

Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

1 Principal accounting policies (Continued)

(s) Revenue recognition

Revenue from advertising is recognised over the period when the advertisement is placed.

Revenue from sale of goods is recognised on the transfer of control of goods, which generally coincides with the time when the goods are delivered to customers and title has passed. Sales are recorded net of estimated discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns.

Revenue from provision of services is recognised when the services are rendered. Revenue from provision of mobile Internet services is recorded based on the gross amounts billed to the mobile phone users given that the Group is the primary obligor to the users with respect to such services.

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

(t) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Translation differences on non-monetary financial assets, such as equity securities classified as financial assets at FVOCI, are included in other comprehensive income.

1 Principal accounting policies (Continued)

(t) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(2) income and expenses for each income statement are translated at average exchange rates; and

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 January 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income. For those acquisitions made prior to 1 January 2005, goodwill and fair value adjustments arising on the acquisition are expressed in the acquiring company's functional currency.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associated company that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies that do not result in the Group losing significant influence) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

1 Principal accounting policies (Continued)

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the chief executive officer of the Group. The chief operating decision-maker is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

Segment profit/loss excludes other material items, such as provision for impairment, share of profits less losses of investments accounted for using the equity method and unallocated expenses. Unallocated expenses represent corporate expenses, including finance costs, and depreciation and amortisation.

Segment assets consist primarily of fixed assets, right-of-use assets, investment properties, goodwill and other intangible assets, financial assets at FVOCI, other non-current assets, inventories, trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities and pension obligations but exclude current and deferred taxation and all borrowings. Capital expenditure comprises additions to fixed assets, right-of-use assets and other intangible assets.

Sales are based on the country in which the business is operated. Total assets and capital expenditures are based on the location of the assets.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(w) Share capital

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

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

2 Financial risk management

(a) Financial risk factors

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

The Group's treasury function operates as a centralised service for managing financial risks and for providing cost efficient funding to the Group. For performing this function, the Group may collect funding from cash generating subsidiaries and provide funding to those subsidiaries that require cash for their business operation.

(i) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and deposits placed with banks. The Group has no significant concentrations of credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Sales of products and provision of services are made to customers with appropriate credit history. For credit exposures to customers, management assesses the credit quality of the customers, taking into account its financial position, past experience and other factors. Management considers other receivables apart from amounts due from associated companies as low credit risk as counterparty have a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed the expected credit losses for these receivables are immaterial under 12 months expected credit losses method. For banks and financial institutions, the Group's deposits are only placed with banks with good credit ratings to mitigate the risk arising from banks.

For amounts due from associated companies, management considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. Indicators of significant increase in credit risk included but not limited to the significant adverse change in macroeconomic factors or the operation of the counterparty. In calculating the expected credit loss rates, the Group considers corresponding historical credit losses of the associated companies experienced, adjusted with current and forward-looking information on macroeconomic factors affecting the ability of the associated companies to settle the receivables.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants (if any), to ensure the maintenance of sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and longer term.

As at 31 December 2021, the Group has undrawn banking facilities amounting to HK$468,706,000 (2020: HK588,875,000).

The table below analyses the Group's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

	Less than 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*
At 31 December 2021			
Bank borrowings, including interest payable	**48,640**	**27,243**	**3,393,144**
Lease liabilities	**20,894**	**6,198**	**1,321**
Trade and other payables excluding non-financial liabilities	**450,306**	**–**	**–**
At 31 December 2020			
Bank borrowings, including interest payable	94,981	3,246,703	–
Lease liabilities	25,940	9,022	1,072
Trade and other payables excluding non-financial liabilities	465,416	–	–

(iii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The key exposure of the Group to this risk originates from the interest-bearing borrowings and interest-bearing bank deposits. Borrowings issued at variable rates and bank deposits placed at variable rates expose the Group to cash flow interest rate risk.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Cash flow interest rate risk (Continued)

At 31 December 2021, if interest rates on all borrowings had been 100 basis points higher/lower with all other variables held constant, pre-tax loss for the year would have been HK$33,880,000 higher/lower (2020: HK$32,882,000 higher/lower on pre-tax loss) due to higher/lower interest expense on floating rate borrowings.

At 31 December 2021, if interest rates on all interest-bearing bank deposits had been 100 basis points higher/lower with all other variables held constant, pre-tax loss for the year would have been HK$4,992,000 lower/higher (2020: HK$4,584,000 lower/higher on pre-tax loss) due to higher/lower interest income earned on market interest rates.

Management monitors the interest rate risk exposure on a continuous basis and adjusts the portfolio of borrowings where necessary.

(iv) Foreign currency risk

The Group mainly operates in the Greater China region and is exposed to foreign currency exchange risk arising from various foreign currencies, primarily Renminbi ("RMB") and New Taiwan dollar ("NT$"). Foreign exchange risk on net investments in foreign currencies is managed primarily through borrowings denominated in the relevant foreign currencies.

Since Hong Kong dollar ("HK$") is pegged to United States dollar ("US$"), management considers that there is no significant foreign currency risk between these two currencies to the Group. A sensitivity analysis on the foreign currency exposure of HK$/US$ against RMB and NT$ is set out below.

For companies with HK$ as their functional currency

At 31 December 2021, if RMB had weakened/strengthened by 5% against HK$ with all other variables held constant, pre-tax loss for those companies for the year would have been HK$26,000 higher/lower (2020: HK$33,000 higher/lower on pre-tax loss), mainly as a result of foreign exchange losses/gains on translation of RMB denominated cash and bank balances. Loss in 2021 is less sensitive to movement in currency exchange rate than the loss in 2020 because the amount of RMB denominated cash and bank balances held by operating companies in Hong Kong had decreased.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Foreign currency risk (Continued)

For companies with RMB as their functional currency

At 31 December 2021, if HK$/US$ had weakened/strengthened by 5% against RMB with all other variables held constant, pre-tax loss for those companies for the year would have been HK$383,000 higher/lower (2020: HK$530,000 higher/lower on pre-tax loss), mainly as a result of foreign exchange losses/gains on translation of HK$/US$ denominated cash and bank balances, trade and other receivables and trade and other payables. Loss in 2021 is less sensitive to movement in currency exchange rate than the loss in 2020 because the amount of HK$/US$ denominated cash and bank balances held by operating companies in the PRC had decreased.

For companies with NT$ as their functional currency

At 31 December 2021, if HK$/US$ had weakened/strengthened by 5% against NT$ with all other variables held constant, pre-tax profit for those companies for the year would have been HK$27,000 lower/higher (2020: HK$29,000 lower/higher on pre-tax profit), mainly as a result of foreign exchange losses/gains on translation of HK$/US$ denominated cash and bank balances. Profit in 2021 is less sensitive to movement in currency exchange rate than the profit in 2020 because the amount of HK$/US$ denominated cash and bank balances held by operating companies in Taiwan had decreased.

(v) Price risk

The Group is exposed to equity securities price risk, which arises from investments held by the Group and classified as financial assets at FVOCI in the consolidated statement of financial position.

At 31 December 2021, if the price of the equity securities had been 100 basis points higher/lower with all other variables held constant, the Group's equity would have been approximately HK$10,907,000 higher/lower (2020: HK$10,178,000 higher/lower) due to higher/lower fair value of financial assets at FVOCI.

(vi) Market risks sensitivity analysis

For the presentation of market risks (including interest rate risk, foreign currency risk and price risk) above, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of market risks that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period in income statement and total equity.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(vi) Market risks sensitivity analysis (Continued)

The effect that is disclosed assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of market risks does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial instruments. The sensitivity analysis measures changes in the fair value and/or cash flows of the Group's financial instruments from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are what-if forward-looking estimates. The sensitivity analysis is for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and losses.

(b) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, raise or repay bank borrowings, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as principal of total borrowings divided by total capital. Total capital includes principal of total borrowings and total deficit/equity as shown in the consolidated statement of financial position. Principal of total borrowings include short-term bank loans and long-term bank loans as shown in notes 27 and 28 respectively to the consolidated statement of financial position.

2 Financial risk management (Continued)

(b) Capital risk management (Continued)

The gearing ratios as at 31 December 2021 and 2020 were as follows:

	2021 *HK$'000*	2020 *HK$'000*
Short-term bank loans (note 27)	–	34,438
Long-term bank loans (note 28)	3,388,038	3,253,722
Principal of total borrowings	3,388,038	3,288,160
Total deficit	(1,010,566)	(916,161)
Total capital	2,377,472	2,371,999
Gearing ratio	143%	139%

The increase in the gearing ratio in 2021 resulted primarily from increase in accumulated losses and bank loans.

(c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, or discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The carrying value less impairment provision of trade and other receivables, and trade and other payables are assumed to approximate their fair values. The fair value of long-term financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market rate that is available to the Group for similar financial instruments.

2 Financial risk management (Continued)

(c) Fair value estimation (Continued)

The financial instruments that are measured at fair value require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Group's assets and liabilities that are measured at fair value:

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
At 31 December 2021				
Assets				
Investment properties	–	–	23,302	23,302
Financial assets at FVOCI				
– Equity securities (note)	61,812	–	1,028,791	1,090,603
Total assets	61,812	–	1,052,093	1,113,905
Total liabilities	–	–	–	–
At 31 December 2020				
Assets				
Investment properties	–	–	22,800	22,800
Financial assets at FVOCI				
– Equity securities (note)	105,767	–	911,687	1,017,454
Total assets	105,767	–	934,487	1,040,254
Total liabilities	–	–	–	–

2 Financial risk management (Continued)

(c) Fair value estimation (Continued)

Note:

Included in financial assets at FVOCI, the Group owns 7.88% (2020: 8.25%) equity interests in WeLab as at 31 December 2021.

There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The following table presents the changes in Level 3 items for the years ended 31 December 2021 and 31 December 2020:

	Investment properties *HK$'000*	Unlisted equity securities *HK$'000*	Total *HK$'000*
At 1 January 2020	21,268	881,685	902,953
Capital investment	–	39,000	39,000
Net revaluation surplus	–	8,299	8,299
Capital injection	–	540	540
Disposal	–	(19,871)	(19,871)
Exchange adjustment	1,532	2,034	3,566
At 31 December 2020	22,800	911,687	934,487
Capital investment	–	62,400	62,400
Net revaluation (deficit)/surplus	(73)	54,328	54,255
Disposal	–	(273)	(273)
Exchange adjustment	575	649	1,224
At 31 December 2021	23,302	1,028,791	1,052,093

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities related to financial assets at FVOCI and defined benefit retirement obligations are contained in notes 20 and 29 to the consolidated financial statements respectively. Other key sources of estimation uncertainty are as follows:

(a) Critical accounting estimates and assumptions

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment and when there is indication that goodwill may be impaired, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of the CGUs have been determined based on higher of value-in-use or fair value less costs of disposal. These calculations require the use of estimates (note 16). It is reasonably possible that the judgements and estimates could change in future periods. Changes to the judgements and estimates can significantly affect the recoverable amounts of the CGUs in future periods.

Goodwill of HK$46,333,000 in the E-Commerce Group was fully impaired during the year ended 31 December 2020.

For sensitivity analysis, if a 1% annual sales growth rate is reduced from the original discounted cash flow assumption under the value-in-use calculations, no further impairment would have been recognised (2020: no further impairment would have been recognised). A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the respective CGU.

3 Critical accounting estimates and judgements (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(ii) Estimated impairment of investments in associated companies

The Group tests whether investments in associated companies have suffered any impairment or decrease in an impairment, when there is an indication of impairment or potential decrease in an impairment, in accordance with the accounting policy stated in note 1(d). For investments in associated companies with indication of impairment or potential decrease in an impairment, the Group's share of recoverable amount of the relevant associated companies has been determined based on higher of value-in-use or fair value less costs of disposal. These calculations require the use of estimates (note 18). It is reasonably possible that the judgements and estimates could change in future periods. Changes to the judgements and estimates can significantly affect the carrying amount of the investment in future periods.

Impairment charge of investments in associated companies of HK$874,444,000 arose in the E-Commerce Group during the year ended 31 December 2020, resulting in the carrying amount being written down to its recoverable amount.

The investments in associated companies suffered impairment will be reviewed for possible further impairment or reversal of the impairment at each reporting date.

(iii) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax assets and liabilities in the period in which such determination is made.

3 Critical accounting estimates and judgements (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(iii) Income taxes (Continued)

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the deductible temporary differences and the carry forward of unutilised tax losses and tax credits, the asset balance will be reduced and charged to the consolidated income statement.

(iv) Provision for sales return

Sales return provision is made by the Group upon the delivery of goods to the customers when the control of the goods are transferred to the customers. As at 31 December 2021, the provision for sales return of the Group amounted to HK$25,282,000 (2020: HK$28,235,000). This provision is recognised by the Group based on the best estimates by management with reference to past experience and other relevant factors. Any difference between this estimate and the actual return will impact the Group's results in the period in which the actual return is determined.

(v) Provision for impairment of trade and other receivables

The policy for provision for impairment of trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement or expected credit losses associated with credit risk. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. The amount of provision made as at 31 December 2021 was HK$32,607,000 (2020: HK$46,157,000). If the financial conditions of customers of the Group were to change, resulting in an impairment or improvement in their abilities to make payments, either additional provision or reversal of previously made provision may be required. The amount of provision made for amounts due from associated companies as at 31 December 2021 was HK$97,323,000 (2020: HK$95,080,000). The amount represents a significant credit risk in respect of the associated companies.

3 Critical accounting estimates and judgements (Continued)

(b) Critical judgements in applying the Group's accounting policy

(i) Consolidation of PRC Domestic Companies under Contractual Arrangements

Regarding the consolidation of PRC Domestic Companies under Contractual Arrangements, the directors of the Company assessed whether or not the Group has control over the PRC Domestic Companies based on whether or not the Group has power to direct the relevant activities of PRC Domestic Companies unilaterally, rights to variable returns from its involvement, and has the ability to use its power to affect its returns. In making their judgement, the directors of the Company considered the Contractual Agreements. The key provisions of the principal Contractual Agreements are set out on pages 169 to 170 (inclusive) of the consolidated financial statements.

The directors of the Company, after consulting legal opinion, are of the view that the terms of the Contractual Agreements under the Contractual Arrangements have in substance enabled the Group to exercise full control over and enjoy all economic benefits of the PRC Domestic Companies, despite the absence of formal legal equity interest held by the Group therein. Accordingly, PRC Domestic Companies are accounted for as subsidiaries of the Group.

The Company is of the view that entering of the Contractual Arrangements is not in contravention of the relevant PRC laws and regulations currently in force. However, uncertainties in the PRC legal system could cause the Group's current contractual arrangement structure to be found in violation of any existing and/or future PRC laws or regulations and could limit the relevant subsidiaries of the Company's ability to enforce the rights under the Contractual Arrangements.

4 Segment information

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out on pages 166 to 170.

The following revenue is recognised during the year:

	2021 *HK$'000*	2020 *HK$'000*
– Provision of services to users using the mobile and Internet-based marketplace and provision of technical services for e-commerce/new retail operations	4,543	5,650
– Provision of mobile Internet services, online advertising and commercial enterprise solutions	8,405	9,423
– Provision of services of online community and social networking websites and related online advertising	41,864	47,405
– Magazine and book publishing and circulation, sales of advertising and other related products	811,614	772,091
– Advertising sales of outdoor media assets and provision of outdoor media services; provision of media sales, event production and marketing services	22,944	33,401
Consolidated revenue	889,370	867,970

The Group has five reportable operating segments:

- E-Commerce Group – provision of services to users using the mobile and Internet-based marketplace and provision of technical services for e-commerce/new retail operations.
- Mobile Internet Group – provision of mobile Internet services, online advertising and commercial enterprise solutions.
- Social Network Group – provision of services of online community and social networking websites and related online advertising.
- Publishing Group – magazine and book publishing and circulation, sales of advertising and other related products.
- Advertising Group – advertising sales of outdoor media assets and provision of outdoor media services; provision of media sales, event production and marketing services.

Sales between segments are carried out at arm's length.

4 Segment information (Continued)

The segment results for the year ended 31 December 2021 are as follows:

	Year ended 31 December 2021							
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK$'000	Mobile Internet Group HK$'000	Social Network Group HK$'000	Sub-total HK$'000	Publishing Group HK$'000	Advertising Group HK$'000	Sub-total HK$'000	Total HK$'000
Gross segment revenue	4,543	8,405	42,716	55,664	811,614	23,150	834,764	890,428
Inter-segment revenue	–	–	(852)	(852)	–	(206)	(206)	(1,058)
Net revenue from external customers	4,543	8,405	41,864	54,812	811,614	22,944	834,558	889,370
Timing of revenue recognition:								
At a point in time	47	2,769	41,864	44,680	752,979	2,911	755,890	800,570
Over time	4,496	5,636	–	10,132	58,635	20,033	78,668	88,800
	4,543	8,405	41,864	54,812	811,614	22,944	834,558	889,370
Segment profit/(loss) before amortisation and depreciation	5,503	4,863	2,056	12,422	225,037	(2,508)	222,529	234,951
Amortisation and depreciation	(3)	(1,099)	(5,098)	(6,200)	(147,573)	(545)	(148,118)	(154,318)
Segment profit/(loss)	5,500	3,764	(3,042)	6,222	77,464	(3,053)	74,411	80,633
Other material items:								
Gain on disposal of subsidiaries	–	–	–	–	–	3,336	3,336	3,336
Share of profits less losses of investments accounted for using the equity method	(68,050)	536	–	(67,514)	4,545	–	4,545	(62,969)
	(68,050)	536	–	(67,514)	4,545	3,336	7,881	(59,633)
Finance costs:								
Finance income (note a)	17	2,337	10	2,364	2,359	648	3,007	5,371
Finance expenses	–	(20)	(30)	(50)	(1,057)	(20)	(1,077)	(1,127)
	17	2,317	(20)	2,314	1,302	628	1,930	4,244
Segment profit/(loss) before taxation	(62,533)	6,617	(3,062)	(58,978)	83,311	911	84,222	25,244
Unallocated corporate expenses								(117,813)
Loss before taxation								(92,569)
Expenditure for operating segment non-current assets	–	233	826	1,059	123,961	726	124,687	125,746
Unallocated expenditure for non-current assets								15,736
Total expenditure for non-current assets								141,482

Note (a):

Inter-segment interest income amounted to HK$1,941,000 was included in the finance income.

4 Segment information (Continued)

The segment assets and liabilities at 31 December 2021 are as follows:

	As at 31 December 2021							
	Technology Platform and Investments				Media Business			
	E-Commerce Group *HK$'000*	Mobile Internet Group *HK$'000*	Social Network Group *HK$'000*	Sub-total *HK$'000*	Publishing Group *HK$'000*	Advertising Group *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
Segment assets	253,894	916,644	35,320	1,205,858	1,393,177	89,311	1,482,488	2,688,346
Investments accounted for using the equity method	148,655	3,787	–	152,442	6,492	–	6,492	158,934
Unallocated assets								180,496
Total assets								3,027,776
Segment liabilities	22,271	30,442	13,018	65,731	442,718	14,805	457,523	523,254
Unallocated liabilities:								
Corporate liabilities								87,218
Current taxation								28,438
Deferred taxation								11,626
Borrowings								3,387,806
Total liabilities								4,038,342

4 Segment information (Continued)

The segment results for the year ended 31 December 2020 are as follows:

	Year ended 31 December 2020							
	Technology Platform and Investments				Media Business			
	E-Commerce Group *HK$'000*	Mobile Internet Group *HK$'000*	Social Network Group *HK$'000*	Sub-total *HK$'000*	Publishing Group *HK$'000*	Advertising Group *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
Gross segment revenue	5,650	9,423	48,443	63,516	772,092	33,923	806,015	869,531
Inter-segment revenue	–	–	(1,038)	(1,038)	(1)	(522)	(523)	(1,561)
Net revenue from external customers	5,650	9,423	47,405	62,478	772,091	33,401	805,492	867,970
Timing of revenue recognition:								
At a point in time	61	3,517	47,405	50,983	706,685	3,546	710,231	761,214
Over time	5,589	5,906	–	11,495	65,406	29,855	95,261	106,756
	5,650	9,423	47,405	62,478	772,091	33,401	805,492	867,970
Segment profit/(loss) before amortisation and depreciation	18,268	(2,709)	3,437	18,996	208,310	(655)	207,655	226,651
Amortisation and depreciation	(3)	(2,036)	(5,436)	(7,475)	(146,284)	(1,235)	(147,519)	(154,994)
Segment profit/(loss)	18,265	(4,745)	(1,999)	11,521	62,026	(1,890)	60,136	71,657
Other material items:								
Gain on disposal of a subsidiary	–	–	–	–	–	2,372	2,372	2,372
Provision for impairment of goodwill	(46,333)	–	–	(46,333)	–	–	–	(46,333)
Provision for impairment in amounts due from associated companies	(17,638)	(75,804)	–	(93,442)	–	–	–	(93,442)
Share of profits less losses of investments accounted for using the equity method	(81,474)	158	–	(81,316)	3,244	–	3,244	(78,072)
Provision for impairment in investments accounted for using the equity method	(874,444)	–	–	(874,444)	–	–	–	(874,444)
	(1,019,889)	(75,646)	–	(1,095,535)	3,244	2,372	5,616	(1,089,919)
Finance costs:								
Finance income (note a)	6	2,017	17	2,040	2,922	565	3,487	5,527
Finance expenses	–	(66)	(72)	(138)	(1,985)	(57)	(2,042)	(2,180)
	6	1,951	(55)	1,902	937	508	1,445	3,347
Segment profit/(loss) before taxation	(1,001,618)	(78,440)	(2,054)	(1,082,112)	66,207	990	67,197	(1,014,915)
Unallocated corporate expenses								(132,044)
Loss before taxation								(1,146,959)
Expenditure for operating segment non-current assets	–	1,936	2,791	4,727	142,507	–	142,507	147,234
Unallocated expenditure for non-current assets								140
Total expenditure for non-current assets								147,374

Note (a):

Inter-segment interest income amounted to HK$2,559,000 was included in the finance income.

4 Segment information (Continued)

The segment assets and liabilities at 31 December 2020 are as follows:

	As at 31 December 2020							
	Technology Platform and Investments				Media Business			
	E-Commerce Group *HK$'000*	Mobile Internet Group *HK$'000*	Social Network Group *HK$'000*	Sub-total *HK$'000*	Publishing Group *HK$'000*	Advertising Group *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
Segment assets	259,828	832,811	41,324	1,133,963	1,364,137	115,081	1,479,218	2,613,181
Investments accounted for using the equity method	220,414	4,876	–	225,290	5,180	–	5,180	230,470
Unallocated assets								181,943
Total assets								3,025,594
Segment liabilities	22,958	40,265	16,323	79,546	426,646	43,844	470,490	550,036
Unallocated liabilities:								
Corporate liabilities								74,658
Current taxation								24,168
Deferred taxation								12,744
Borrowings								3,280,149
Total liabilities								3,941,755

The unallocated assets represent the corporate assets. The unallocated liabilities represent the corporate liabilities in addition to operating segment taxation payable, deferred tax liabilities and borrowings which are managed on a central basis.

4 Segment information (Continued)

The Group's businesses are operated in three main geographical areas:

Hong Kong – Publishing Group

Mainland China – E-Commerce Group, Mobile Internet Group, Publishing Group and Advertising Group

Taiwan and other Asian country – Social Network Group and Publishing Group

Revenue analysis (note a):

	2021	2020
	HK$'000	*HK$'000*
Hong Kong	**48,210**	43,621
Mainland China	**36,007**	48,888
Taiwan and other Asian country	**805,153**	775,461
	889,370	867,970

Non-current assets analysis (note b):

	2021	2020
	HK$'000	*HK$'000*
Hong Kong	**11,960**	1,832
Mainland China	**194,286**	267,793
Taiwan and other Asian country	**702,882**	721,964
	909,128	991,589

Notes:

(a) Revenue is allocated based on the country in which the business is operated. There are no significant sales between the geographical segments.

(b) Non-current assets other than financial instruments, pension assets and deferred tax assets are allocated based on the location of the assets.

5 Provision for impairment of investments accounted for using the equity method, goodwill and amounts due from associated companies

	2021 *HK$'000*	2020 *HK$'000*
Provision for impairment in respect of:		
Investments accounted for using the equity method (note 18)	–	874,444
Goodwill (note 16)	–	46,333
Amounts due from associated companies (note 21)	–	95,080

Note:

In 2020, given the underperformance of Ule Holdings and its subsidiaries ("Ule Holdings Group"), the material associated companies of the Group, the shareholders of Ule Holdings Group had evaluated different options for the strategic development of Ule Holdings Group, impairment assessments on the carrying value of investments accounted for using the equity method and goodwill attributable to the E-Commerce Group were performed and the Group considered there had been significant increase in credit risk for amounts due from Ule Holdings Group. As a result, provisions for impairment of investments accounted for using the equity method amounting to HK$874,444,000, goodwill related to E-Commerce Group amounting to HK$46,333,000 and amounts due from associated companies amounting to HK$95,080,000 were recognised respectively in the year ended 31 December 2020.

6 Other operating expenses, net

	2021 *HK$'000*	2020 *HK$'000*
Staff costs	94,043	91,632
Travel and entertainment	1,435	1,293
Provision for inventories	18,769	24,457
Provision for impairment of trade receivables, net (note 23(c))	128	3,352
Depreciation of fixed assets	10,127	12,018
Depreciation of right-of-use assets	22,314	24,704
Amortisation of other intangible assets	3	3
Government subsidies related to COVID-19	(4,802)	(16,200)
Other expenses	4,209	2,296
	146,226	143,555

7 Loss before net finance costs and taxation

Loss before net finance costs and taxation is stated after charging/crediting the following:

	2021 *HK$'000*	2020 *HK$'000*
Charging:		
Depreciation of fixed assets (note 13)	15,509	17,091
Depreciation of right-of-use assets (note 14)	26,990	29,281
Amortisation of other intangible assets (note 17)	117,434	114,945
Staff costs (including directors' emoluments) (note 12)	350,296	340,415
Expenses related to short-term leases (included in cost of sales and administrative expenses)	1,491	5,104
Auditors' remuneration		
– Audit and audit related work		
– PricewaterhouseCoopers	5,958	5,447
– Other auditors	437	603
– Non-audit work		
– PricewaterhouseCoopers	41	40
– Other auditors	626	502
Provision for impairment of goodwill (notes 5 and 16)	–	46,333
Provision for impairment in amounts due from associated companies (note 21)	–	95,080
Provision for impairment in investments accounted for using the equity method (notes 5 and 18)	–	874,444
Provision for impairment of trade receivables, net (note 23(c))	128	3,352
Provision for inventories	18,769	24,457
Fair value loss on revaluation of investment properties (note 15)	73	–
Crediting:		
Write back of trade and other payables, net	9,751	1,405
Dividend income from financial assets at FVOCI	916	1,222
Gain on disposal of subsidiaries (note a) (note 33(b))	3,336	–
Gain on disposal of a subsidiary (note b) (note 33(b))	–	2,372
Gain on disposal of fixed assets	96	216
Rent concessions (note c)	10	454
Government subsidies related to COVID-19	4,802	16,200
Exchange gain, net	5,474	12,909

The above expense items by nature were included in cost of sales, selling and marketing expenses, administrative expenses, other operating expenses, net and other gains, net in the consolidated income statement.

7 Loss before net finance costs and taxation (Continued)

Loss before net finance costs and taxation is stated after charging/crediting the following (Continued):

Notes:

(a) In April and June 2021, a subsidiary of the Advertising Group entered into an agreement and a supplemental agreement to dispose its entire interests in subsidiaries engaging in outdoor media business, at a total consideration of RMB110,000 (approximately HK$133,000). Upon completion of the disposal of equity interests in the subsidiaries, a gain on disposal of approximately HK$3,687,000 was recognised in the consolidated income statement for the year ended 31 December 2021.

In August 2021, a subsidiary of the Advertising Group entered into an agreement to dispose its entire interests in a subsidiary engaging in outdoor media business, at a total consideration of RMB200,000 (approximately HK$240,000). Upon completion of the disposal of equity interests in the subsidiary, a gain on disposal of approximately HK$1,354,000 was recognised in the consolidated income statement for the year ended 31 December 2021.

In December 2021, a subsidiary of the Advertising Group was disposed and a loss on disposal of approximately HK$1,705,000 was recognised in the consolidated income statement for the year ended 31 December 2021.

(b) In December 2019, a subsidiary of the Advertising Group entered into an agreement to dispose its entire interests in a subsidiary engaging in outdoor media business, at a total consideration of RMB200,000 (approximately HK$222,000). The disposal of equity interest in the subsidiary was completed in February 2020. Accordingly, a gain on disposal of approximately HK$2,372,000 was recognised in the consolidated income statement for the year ended 31 December 2020.

(c) Benefits derived from changes in lease payments arising from COVID-19 related rent concessions.

8 Finance costs, net

	2021 *HK$'000*	2020 *HK$'000*
Interest and borrowing costs on bank loans	58,116	80,117
Interest costs on lease liabilities	483	910
Bank interest income	(3,432)	(5,749)
	55,167	75,278

Note:

No interest has been capitalised during the year (2020: Same).

9 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	2021 *HK$'000*	2020 *HK$'000*
Overseas taxation	15,407	11,081
Under-provision in prior years	972	1,226
Deferred taxation (note 30(c))	(1,510)	(1,111)
Taxation charge	14,869	11,196

Taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the applicable taxation rate of the home country of the Group is as follows:

	2021 *HK$'000*	2020 *HK$'000*
Loss before taxation	(92,569)	(1,146,959)
Calculated at a taxation rate of 16.5% (2020: 16.5%)	(15,274)	(189,248)
Effect of different applicable taxation rates in other countries	(472)	510
Income not subject to taxation	(5,345)	(8,522)
Expenses not deductible for taxation purposes	8,006	174,479
Utilisation of previously unrecognised tax losses	(2,130)	(2,140)
Recognition of previously unrecognised temporary differences	(2,707)	(2,722)
Tax losses not recognised	20,684	22,849
Temporary differences not recognised	(1,580)	(1,539)
Tax effect of results of investments accounted for using the equity method	10,390	12,882
Withholding tax	2,325	3,421
Under-provision in prior years	972	1,226
Taxation charge	14,869	11,196

10 Dividends

No dividends had been paid or declared by the Company during the year (2020: Nil).

11 Loss per share

(a) Basic

The calculation of basic loss per share is based on consolidated loss attributable to equity holders of the Company of HK$114,106,000 (2020: HK$1,063,933,000) and the weighted average of 3,958,510,558 (2020: 3,958,510,558) ordinary shares in issue during the year.

(b) Diluted

Diluted loss per share is equal to the basic loss per share for the year ended 31 December 2021 (2020: Same).

12 Staff costs, including directors' emoluments

	2021 *HK$'000*	2020 *HK$'000*
Wages and salaries	**333,816**	325,781
Pension costs – defined contribution plans	**14,156**	12,567
Pension costs – defined benefit plans (note 29(b))	**2,324**	2,067
	350,296	340,415

12 Staff costs, including directors' emoluments (Continued)

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one director (2020: Same) whose emoluments are reflected in the analysis shown in note 39(a). The emoluments payable to the remaining four (2020: Same) individuals during the year are as follows:

	2021	2020
	HK$'000	*HK$'000*
Basic salaries, housing allowances, other allowances and benefits in kind	**9,350**	9,041
Discretionary bonuses	**3,043**	2,840
Contributions to retirement benefit schemes	**490**	487
	12,883	12,368

The emoluments of these four (2020: Same) individuals fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands		
HK$2,000,001 - HK$2,500,000	–	1
HK$2,500,001 - HK$3,000,000	2	2
HK$3,000,001 - HK$3,500,000	1	–
HK$4,000,001 - HK$4,500,000	–	1
HK$4,500,001 - HK$5,000,000	1	–

13 Fixed assets

	Properties HK$'000	Leasehold improve-ments HK$'000	Computer equipment HK$'000	Outdoor media assets HK$'000	Other assets HK$'000	Total HK$'000
Cost						
At 1 January 2020	7,284	29,915	246,326	27,151	25,583	336,259
Exchange adjustment	175	1,565	17,139	772	1,518	21,169
Additions	–	459	12,359	–	1,041	13,859
Disposals and write-offs	–	(3,258)	(11,192)	(9,889)	(837)	(25,176)
Disposals of a subsidiary (note 33(b))	–	(578)	(222)	(10,688)	(1,058)	(12,546)
At 31 December 2020	7,459	28,103	264,410	7,346	26,247	333,565
At 1 January 2021	7,459	28,103	264,410	7,346	26,247	333,565
Exchange adjustment	(246)	362	5,684	101	476	6,377
Additions	–	998	5,661	–	742	7,401
Disposals and write-offs	–	(73)	(24,087)	–	(835)	(24,995)
Disposals of subsidiaries (note 33(b))	–	(2,021)	(1,550)	(7,447)	(2,625)	(13,643)
At 31 December 2021	7,213	27,369	250,118	–	24,005	308,705
Accumulated depreciation and impairment losses						
At 1 January 2020	1,582	21,366	225,557	26,793	22,636	297,934
Exchange adjustment	59	1,147	15,923	771	1,380	19,280
Depreciation charge for the year	135	3,227	12,199	17	1,513	17,091
Disposals and write-offs	–	(3,258)	(11,169)	(9,889)	(832)	(25,148)
Disposals of a subsidiary (note 33(b))	–	(577)	(200)	(10,346)	(955)	(12,078)
At 31 December 2020	1,776	21,905	242,310	7,346	23,742	297,079
At 1 January 2021	1,776	21,905	242,310	7,346	23,742	297,079
Exchange adjustment	(40)	267	5,343	101	445	6,116
Depreciation charge for the year	137	2,605	11,308	–	1,459	15,509
Disposals and write-offs	–	(73)	(24,087)	–	(822)	(24,982)
Disposals of subsidiaries (note 33(b))	–	(2,021)	(1,550)	(7,447)	(2,625)	(13,643)
At 31 December 2021	1,873	22,683	233,324	–	22,199	280,079
Net book value						
At 31 December 2021	5,340	4,686	16,794	–	1,806	28,626
At 31 December 2020	5,683	6,198	22,100	–	2,505	36,486

14 Leases

The amounts recognised in the consolidated statement of financial position are as follows:

	2021 HK$'000	2020 HK$'000
Right-of-use assets		
Offices	22,534	21,678
Outdoor media assets	–	429
Retail stores	763	1,670
Warehouses	4,432	8,983
	27,729	32,760
Lease liabilities		
Current	20,708	25,395
Non-current	7,482	10,020
	28,190	35,415

The depreciation charges of right-of-use assets recognised in the consolidated income statement are as follows:

	2021 HK$'000	2020 HK$'000
Offices	21,824	23,077
Outdoor media assets	508	769
Retail stores	913	1,011
Warehouses	3,745	4,424
	26,990	29,281

Notes:

(a) During the year ended 31 December 2021, additions to the right-of-use assets were HK$16,896,000 (2020: HK$16,207,000).

(b) Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, except for those commonly found in lease agreements.

(c) During the year ended 31 December 2021, the total cash outflow for leases was HK$27,770,000 (2020: HK$29,355,000).

15 Investment properties

	2021 *HK$'000*	2020 *HK$'000*
At 1 January	22,800	21,268
Decrease in fair value of investment properties	(73)	–
Exchange adjustment	575	1,532
At 31 December	23,302	22,800

Amounts recognised in profit or loss for investment properties:

	2021 *HK$'000*	2020 *HK$'000*
Rental income	1,304	1,417
Direct operating expenses from properties that generated rental income	(158)	(171)
Direct operating expenses from properties that did not generate rental income	(49)	(14)
Fair value loss recognised in profit or loss	(73)	–

Notes:

(a) During the year ended 31 December 2021, properties of HK$23,302,000 (2020: HK$22,800,000) have been fair valued by an independent external valuer.

(b) The fair values of the properties were arrived at by reference to the capitalised rental derived from the existing tenancy and the reversionary potential of the properties (2020: Same).

16 Goodwill

	2021 HK$'000	2020 HK$'000
Net book value, at 1 January	528,211	570,856
Exchange adjustment	169	3,688
Provision for impairment (note 5)	–	(46,333)
Net book value, at 31 December	528,380	528,211
At 31 December:		
Cost	2,009,286	3,849,836
Accumulated amortisation and impairment	(1,480,906)	(3,321,625)
Net book value	528,380	528,211

Impairment test for goodwill

Goodwill is allocated to the Group's CGUs identified according to business and geographical segments.

A segment level goodwill allocation is presented as below:

	2021			2020		
	Mainland China HK$'000	Taiwan and other Asian country HK$'000	Total HK$'000	Mainland China HK$'000	Taiwan and other Asian country HK$'000	Total HK$'000
E-Commerce Group	–	–	–	–	–	–
Social Network Group	–	8,323	8,323	–	8,174	8,174
Publishing Group	–	501,954	501,954	–	501,934	501,934
Advertising Group	18,103	–	18,103	18,103	–	18,103
	18,103	510,277	528,380	18,103	510,108	528,211

The recoverable amounts of Social Network Group, Publishing Group and Advertising Group as at 31 December 2021 are determined based on value-in-use calculations prepared by management (2020: Same). These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business segments in which the CGUs operate.

16 Goodwill (Continued)

Impairment test for goodwill (Continued)

The Group prepared the financial budgets reflecting current and prior year performances as well as market development expectations. There are a number of assumptions and estimates involved for the preparation of the budgets, the cash flow projections for the period covered by the approved budgets and the estimated terminal value at the end of the budget period. Key assumptions include annual sales growth rates, gross margin, growth rates and discount rates.

The growth rates and discount rates used for the value-in-use calculations for the CGUs are:

	E-Commerce Group		Social Network Group		Publishing Group		Advertising Group	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Growth rate[1]	**–**	3%	**1%**	1%	**1%**	1%	**1%**	1%
Discount rate[2]	**–**	19%	**10%**	10%	**9%**	9%	**12%**	12%

1 Weighted average growth rate used to extrapolate cash flows beyond the five-year budget period

2 Pre-tax discount rate applied to the cash flow projections

The weighted average growth rates used are consistent with the forecasts. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Other key assumptions include annual sales growth rate and gross margin.

17 Other intangible assets

	Concession rights HK$'000	Publishing rights HK$'000	Trademarks and domain names HK$'000	Total HK$'000
Cost				
At 1 January 2020	5,926	218,280	4,459	228,665
Exchange adjustment	427	13,416	317	14,160
Additions	–	117,308	–	117,308
Write-offs	–	(127,526)	–	(127,526)
At 31 December 2020	6,353	221,478	4,776	232,607
At 1 January 2021	6,353	221,478	4,776	232,607
Exchange adjustment	124	4,021	115	4,260
Additions	–	117,185	–	117,185
Write-offs	–	(116,040)	–	(116,040)
Disposals of subsidiaries	(4,342)	–	–	(4,342)
At 31 December 2021	2,135	226,644	4,891	233,670
Accumulated amortisation and impairment losses				
At 1 January 2020	5,926	84,004	4,226	94,156
Exchange adjustment	427	9,438	305	10,170
Amortisation charge for the year	–	114,860	85	114,945
Write-offs	–	(127,526)	–	(127,526)
At 31 December 2020	6,353	80,776	4,616	91,745
At 1 January 2021	6,353	80,776	4,616	91,745
Exchange adjustment	124	2,479	113	2,716
Amortisation charge for the year	–	117,344	90	117,434
Write-offs	–	(116,040)	–	(116,040)
Disposals of subsidiaries	(4,342)	–	–	(4,342)
At 31 December 2021	2,135	84,559	4,819	91,513
Net book value				
At 31 December 2021	–	142,085	72	142,157
At 31 December 2020	–	140,702	160	140,862

Of the total amortisation charge, HK$117,431,000 (2020: HK$114,942,000) and HK$3,000 (2020: HK$3,000) were included in cost of sales and other operating expenses, net respectively.

18 Investments accounted for using the equity method

The amounts recognised in the consolidated statement of financial position are as follows:

	2021 *HK$'000*	2020 *HK$'000*
Associated companies, as at 31 December	158,934	230,470

The share of net losses and provision for impairment recognised in the consolidated income statement are as follows:

	2021 *HK$'000*	2020 *HK$'000*
Associated companies, for the year ended 31 December	(62,969)	(78,072)
Provision for impairment in investments accounted for using the equity method (note 5)	–	(874,444)
	(62,969)	(952,516)

Interests in associated companies

Movements in interests in associated companies during the year:

	2021 *HK$'000*	2020 *HK$'000*
At 1 January	230,470	1,201,769
Share of profits less losses	(62,969)	(78,072)
Provision for impairment in investments accounted for using the equity method (note 5)	–	(874,444)
Share of revaluation (deficit)/surplus through other comprehensive income from an associated company	(267)	1,221
Share of return of capital from an associated company upon its deregistration	–	(11,768)
Dividend received from associated companies	(5,144)	(2,972)
Exchange adjustment	(3,156)	(5,264)
At 31 December	158,934	230,470

18 Investments accounted for using the equity method (Continued)

Interests in associated companies (Continued)

Notes:

(i) The Group had a commitment up to RMB155 million for providing marketing resources to Ule Holdings Group, for development and promotion of the business and services of the associated company, in particular its mobile business and services. Except for the above, there are no material contingent liabilities relating to the Group's interests in these associated companies and no material contingent liabilities of the entities themselves.

(ii) The Group considered Ule Holdings Group as material associated companies. Ule Holdings Group is a strategic investment for the Group's e-commerce/new retail business development and investment.

Set out below are the summarised financial information of Ule Holdings Group which is accounted for using the equity method:

Summarised consolidated statement of financial position as at 31 December

	2021 *HK$'000*	2020 *HK$'000*
Current		
Cash and cash equivalents	616,152	552,664
Other current assets	352,731	369,139
Total current assets	968,883	921,803
Financial liabilities (excluding trade and other payables, and provision)	–	–
Other current liabilities	(1,381,811)	(1,187,032)
Total current liabilities	(1,381,811)	(1,187,032)
Non-current		
Assets	1,986	2,866
Net liabilities	(410,942)	(262,363)

18 Investments accounted for using the equity method (Continued)

Interests in associated companies (Continued)

Notes (Continued):

(ii) Set out below are the summarised financial information of Ule Holdings Group which is accounted for using the equity method (Continued):

Summarised consolidated statement of comprehensive income for the year ended 31 December

	2021 *HK$'000*	2020 *HK$'000*
Revenue	1,397,204	830,907
Depreciation and amortisation	(996)	(3,178)
Interest income	4,500	4,046
Loss and post-tax loss from continuing operations	(139,746)	(171,778)
Other comprehensive expense	(8,833)	(12,679)
Total comprehensive expense	(148,579)	(184,457)
Dividend received from associated companies	–	–

18 Investments accounted for using the equity method (Continued)

Interests in associated companies (Continued)

Notes (Continued):

(ii) Set out below are the summarised financial information of Ule Holdings Group which is accounted for using the equity method (Continued):

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in Ule Holdings Group:

	2021 *HK$'000*	2020 *HK$'000*
Net liabilities as at 1 January	(262,363)	(77,906)
Loss for the year	(139,746)	(171,778)
Revaluation (deficit)/surplus of financial assets at FVOCI	(634)	2,906
Exchange adjustment	(8,199)	(15,585)
Net liabilities as at 31 December	(410,942)	(262,363)
Interests in associated companies (42.00%) (2020: 42.00%)	(172,602)	(110,200)
Fair value adjustments	1,274,029	1,274,029
Accumulated amortisation of other intangible assets	(78,328)	(68,971)
Provision for impairment	(874,444)	(874,444)
Carrying value as at 31 December	148,655	220,414

(iii) Set out below are the aggregated financial information of the Group's share of the remaining associated companies:

	2021 *HK$'000*	2020 *HK$'000*
Carrying values	10,279	10,056
Profit from continuing operations	5,081	3,431
Other comprehensive income	286	1,282
Total comprehensive income	5,367	4,713

18 Investments accounted for using the equity method (Continued)

Interests in associated companies (Continued)

Notes (Continued):

(iv) Recoverable amount assessment for investments accounted for using the equity method

During the year ended 31 December 2021, management has assessed and considered there is no indicator for further impairment or reversal of impairment on the carrying value of investments accounted for using the equity method.

As at 31 December 2020, in light of the performance and the potential options for strategic development of Ule Holdings Group, certain assumptions, including the expected B2B GMV growth rate, underlying the accounting estimate on the Ule Holdings Group's recoverable amount had been changed since the last impairment test and management had applied an expected cash flow approach which reflects the weighted average of the possible impacts. The assessment took into account of the existing resources of Ule Holdings Group and excluded uncommitted financing arrangement as at 31 December 2020.

Management had assessed and estimated two possible scenarios, being Scenario 1 and Scenario 2, and estimated a probability weight for each scenario.

For Scenario 1, management had engaged an independent external valuer to value the investment based on value-in-use method derived from five-year forecasts. There were a number of assumptions and estimates involved for the preparation of the assessment and the estimated terminal value at the end of the forecast period. Key assumptions were:

	2020
B2B GMV growth rate[1]	35%
Growth rate[2]	3%
Discount rate[3]	19%

1 Compound annual growth rate used to project cash flows during the five-year forecast period

2 Weighted average growth rate used to extrapolate cash flows beyond the five-year forecast period

3 Pre-tax discount rate applied to the cash flow projections

For Scenario 2, management had developed the recoverable amount based on value-in-use method, which derived from management's understanding of a multiple or most likely of possible negative impact related to the potential options for strategic development of Ule Holdings Group.

The recoverable amount of HK$220,414,000 as at 31 December 2020 represented the results from the weighted average of present value from Scenario 1 and Scenario 2.

The list of the principal associated companies of the Group at 31 December 2021 is set out on pages 166 to 170.

As at 31 December 2021, the Group has HK$2,032,000 (2020: HK$750,000) accumulated unrecognised share of loss of the associated companies and HK$1,282,000 (2020: HK$443,000) unrecognised share of loss for the year ended 31 December 2021.

19 Financial instruments by category

	Financial assets at amortised cost HK$'000	Financial assets at FVOCI HK$'000	Total HK$'000
Assets as per consolidated statement of financial position			
31 December 2021			
Financial assets at FVOCI (note 20)	–	1,090,603	1,090,603
Long-term receivables (note 21)	103,561	–	103,561
Trade and other receivables excluding prepayments	255,571	–	255,571
Cash and cash equivalents (note 25)	493,485	–	493,485
Restricted cash (note 24)	6,813	–	6,813
	859,430	1,090,603	1,950,033
31 December 2020			
Financial assets at FVOCI (note 20)	–	1,017,454	1,017,454
Long-term receivables (note 21)	95,187	–	95,187
Trade and other receivables excluding prepayments	287,026	–	287,026
Cash and cash equivalents (note 25)	452,915	–	452,915
Restricted cash (note 24)	6,691	–	6,691
	841,819	1,017,454	1,859,273

19 Financial instruments by category (Continued)

	Other financial liabilities HK$'000
Liabilities as per consolidated statement of financial position	
31 December 2021	
Short-term bank loans (note 27)	–
Long-term bank loans (note 28)	3,387,806
Lease liabilities (note 14)	28,190
Trade and other payables excluding non-financial liabilities	450,382
	3,866,378
31 December 2020	
Short-term bank loans (note 27)	34,438
Long-term bank loans (note 28)	3,245,711
Lease liabilities (note 14)	35,415
Trade and other payables excluding non-financial liabilities	465,503
	3,781,067

20 Financial assets at fair value through other comprehensive income

	2021 HK$'000	2020 HK$'000
At 1 January	1,017,454	955,859
Capital investment	62,400	39,000
Disposal (note)	(273)	(19,871)
Net revaluation surplus	10,373	39,892
Capital injection	–	540
Exchange adjustment	649	2,034
At 31 December	1,090,603	1,017,454
Less: Non-current portion	(1,090,603)	(1,017,454)
Current portion	–	–

20 Financial assets at fair value through other comprehensive income (Continued)

Note:

In March 2021, the Group, through its non-wholly owned subsidiary, completed the disposal of its entire interests in a financial asset at FVOCI, Gamebase Digital Media Co., Ltd. ("Gamebase"), a Taiwanese based game related platform, at a consideration of approximately NT$1.0 million. The fair value of investment in Gamebase was HK$273,000 at the time of the disposal and the Group has transferred the cumulative loss of HK$631,000 to accumulated losses upon disposal.

In July 2020, the Group, through its non-wholly owned subsidiary, completed the disposal of its entire interests in a financial asset at FVOCI, Rubikloud Technologies Inc. ("Rubikloud"), a Canadian based AI platform for retail, at a consideration of approximately US$2.55 million. The fair value of investment in Rubikloud was HK$19,871,000 at the time of the disposal and the Group has transferred the cumulative gain of HK$8,167,000 to accumulated losses upon disposal.

The Group's financial assets at FVOCI include the following:

	2021 ***HK$'000***	2020 *HK$'000*
Listed equity securities	**61,812**	105,767
Unlisted equity securities	**1,028,791**	911,687
	1,090,603	1,017,454

The Group's financial assets at FVOCI are denominated in the following currencies:

	2021 ***HK$'000***	2020 *HK$'000*
US$	**996,203**	886,568
Euro	**303**	914
NT$	**32,285**	24,205
HK$	**61,812**	105,767
	1,090,603	1,017,454

20 Financial assets at fair value through other comprehensive income (Continued)

Notes:

(a) During the year ended 31 December 2021, certain financial assets at FVOCI of HK$957,506,000 (2020: HK$887,482,000) have been fair valued by an independent external valuer. As at 31 December 2021, the respective fair value of those financial assets at FVOCI was mainly arrived by reference to the subscription price of latest round of financing of equity interests which is a significant input. Other insignificant inputs include marketability discount, minority discount and probability of conversion scenario.

(b) These equity securities are strategic investments and not investments held for trading purposes. The Group made an irrevocable election at initial recognition to recognise these investments in this category so the Group considers this category to be the most appropriate classification.

21 Other non-current assets

	2021 *HK$'000*	2020 *HK$'000*
Long-term receivables	200,884	190,267
Provision for impairment in amounts due from associated companies	(97,323)	(95,080)
	103,561	95,187
Represented by:		
Receivables from associated companies	101,875	95,080
Receivables from third parties	1,686	107
	103,561	95,187

The maximum exposure to credit risk on long-term receivables at the reporting date is their carrying values.

The amounts due from associated companies are unsecured, interest-free and repayable on demand.

The Group does not hold any collateral as security.

21 Other non-current assets (Continued)

Movements in the provision for impairment of other non-current assets were as follows:

	2021 HK$'000	2020 HK$'000
Balance as at 1 January	95,080	–
Provision for impairment in amounts due from associated companies (note 5)	–	95,080
Exchange adjustment	2,243	–
Balance as at 31 December	97,323	95,080

The Group uses the lifetime expected credit loss provision for amounts due from associated companies.

22 Inventories

	2021 HK$'000	2020 HK$'000
Merchandise	15,045	14,071
Finished goods	64,352	64,547
Work in progress	18,752	18,589
	98,149	97,207

The cost of inventories recognised as an expense and included in the cost of sales amounted to HK$242,603,000 (2020: HK$242,483,000).

23 Trade and other receivables

	2021 *HK$'000*	2020 *HK$'000*
Trade receivables (note c)	223,044	227,867
Prepayments, deposits and other receivables (note d)	43,382	83,516
	266,426	311,383

(a) The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 180 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

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

	2021 *HK$'000*	2020 *HK$'000*
HK$	9,674	9,562
RMB	12,050	43,682
NT$	244,702	258,139
	266,426	311,383

23 Trade and other receivables (Continued)

(c) As at 31 December 2021 and 2020, the ageing analyses of the Group's trade receivables, based on terms specified in the contracts governing the relevant transactions, were as follows:

	2021 *HK$'000*	2020 *HK$'000*
Current	109,107	99,761
31 – 60 days	51,855	66,118
61 – 90 days	29,698	28,287
Over 90 days	64,991	79,858
	255,651	274,024
Less: Provision for impairment	(32,607)	(46,157)
	223,044	227,867
Represented by:		
Receivables from associated companies	6	138
Receivables from third parties	223,038	227,729
	223,044	227,867

Movements in the provision for impairment of trade receivables were as follows:

	2021 *HK$'000*	2020 *HK$'000*
Balance as at 1 January	46,157	52,712
Provision for impairment of trade receivables, net (note 6 and 7)	128	3,352
Amounts written off during the year	(539)	(183)
Disposal of subsidiaries	(13,855)	(11,767)
Exchange adjustment	716	2,043
Balance as at 31 December	32,607	46,157

23 Trade and other receivables (Continued)

(c) (Continued)

The Group applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The expected credit loss provision rates for trade receivables are based on historical payment profiles and historical credit loss experience, adjusted to reflect, where relevant and appropriate, current and information specific to the debtors, future economic and market conditions and forward-looking information on macroeconomic factors affecting the ability of debtors to settle the receivables that the Group considers are reasonable and appropriate. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The gross carrying amount of the trade receivables and the loss allowance provision analysed by ageing band are set out below.

	2021			2020		
	Gross carrying amount *HK$'000*	Loss allowance provision *HK$'000*	Expected credit loss rate *Percentage*	Gross carrying amount *HK$'000*	Loss allowance provision *HK$'000*	Expected credit loss rate *Percentage*
Not past due	171,973	110	0%	83,090	14	0%
Past due less than 31 days	24,676	6	0%	62,074	22	0%
Past due within 31 to 60 days	8,751	1	0%	41,620	10	0%
Past due within 61 to 90 days	12,466	1	0%	25,843	6	0%
Past due over 90 days	37,785	32,489	86%	61,397	46,105	75%
	255,651	32,607		274,024	46,157	

23 Trade and other receivables (Continued)

(c) (Continued)

The creation of provision for impaired receivables has been included in other operating expenses, net in the consolidated income statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The Group does not hold any collateral as security.

(d) The Group's prepayments, deposits and other receivables as at 31 December 2021 included amounts due from associated companies and related companies of HK$474,000 (2020: HK$502,000) and HK$4,568,000 (2020: HK$11,371,000) respectively. The amounts due from related companies included the balances due from the substantial shareholders of the Company, CKHH and Cranwood Company Limited ("Cranwood"), and related companies beneficially owned by these substantial shareholders amounted to HK$4,568,000 (2020: HK$4,390,000) in aggregate, and no balances due from non-controlling interests of subsidiaries of the Group (2020: HK$6,981,000).

The amounts due from associated companies and related companies represent advance/prepayment to or expenses paid on behalf of these companies. These balances are unsecured, interest-free and repayable on demand.

The Group does not hold any collateral as security.

24 Restricted cash

At 31 December 2021, NT$24,288,000 (approximately HK$6,813,000) (2020: NT$24,286,000 (approximately HK$6,691,000)) was pledged in favour of certain publishing distributors as retainer fee for potential sales return, and banks as security for credit card and advance receipt in Taiwan.

The maximum exposure to credit risk at the reporting date is its carrying value.

25 Cash and cash equivalents

	2021 *HK$'000*	2020 *HK$'000*
Cash on hand	1,072	1,224
Cash at bank	492,413	451,691
	493,485	452,915

Cash and cash equivalents are denominated in the following currencies:

	2021 *HK$'000*	2020 *HK$'000*
HK$	15,594	20,697
US$	4,506	8,722
RMB	174,362	171,295
NT$	298,765	251,932
Others	258	269
	493,485	452,915
Maximum exposure to credit risk	492,413	451,691

Cash and cash equivalents are considered to be of low credit risk and no provision for credit loss was made at 31 December 2021 and 31 December 2020 in respect of these assets.

26 Trade and other payables

	2021 *HK$'000*	2020 *HK$'000*
Trade payables (note b)	131,703	139,728
Other payables and accruals (note c)	318,679	325,775
Contract liabilities (note e)	118,139	110,101
	568,521	575,604

The contract liabilities primarily relate to the advance consideration received from customers, or the Group has unconditional right to considerations before the goods or services are delivered.

(a) The carrying values of trade and other payables approximate their fair values.

(b) As at 31 December 2021 and 2020, the ageing analyses of the Group's trade payables, based on terms specified in the contracts governing the relevant transactions, were as follows:

	2021 *HK$'000*	2020 *HK$'000*
Current	64,051	60,714
31 – 60 days	14,822	9,051
61 – 90 days	5,764	9,256
Over 90 days	47,066	60,707
	131,703	139,728
Represented by:		
Payables to third parties	131,703	139,728

26 Trade and other payables (Continued)

(c) The Group's other payables and accruals as at 31 December 2021 included amounts due to associated companies and related companies of HK$112,000 (2020: HK$1,300,000) and HK$58,183,000 (2020: HK$57,560,000) respectively. The amounts due to related companies included the balances due to related companies beneficially owned by the substantial shareholders of the Company, CKHH and Cranwood amounted to HK$58,183,000 (2020: HK$57,560,000) in aggregate.

The amounts due to associated companies represent expenses paid on behalf of the Group by these companies and the amounts due to related companies arose from purchases of goods and services. These balances are unsecured, interest-free and repayable on demand.

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

	2021 *HK$'000*	2020 *HK$'000*
HK$	77,269	74,033
RMB	65,825	103,351
NT$	425,427	398,220
	568,521	575,604

(e) Contract liabilities of HK$110,101,000 included in the balance as at 1 January 2021 were recognised as revenue during the year ended 31 December 2021.

As the contracts are for periods of one year or less or the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

27 Short-term bank loans

	2021 *HK$'000*	2020 *HK$'000*
Unsecured	–	34,438

The bank loans were denominated in NT$.

These short-term bank loans were interest-bearing at prevailing market rates. Their carrying amounts approximate their fair values.

28 Long-term bank loans

	2021 *HK$'000*	2020 *HK$'000*
Unsecured	3,388,038	3,253,722
Less: Transaction costs arising on bank facility	(232)	(8,011)
	3,387,806	3,245,711
Less: Current portion	(21,038)	(33,060)
Non-current portion	3,366,768	3,212,651
The principal amount of bank loans are repayable:		
Within one year	21,038	33,060
In the second year	–	3,220,662
In the third to fifth year	3,367,000	–
Wholly repayable within 5 years	3,388,038	3,253,722
The principal amount of bank loans are denominated in the following currencies:		
HK$	3,367,000	3,200,000
NT$	21,038	53,722
	3,388,038	3,253,722

These long-term bank loans are interest-bearing at prevailing market rates ranging from Hong Kong Interbank Offered Rate ("HIBOR") plus 0.65% to Taiwan Twelve-Month Time Deposit Floating Rate plus 0.535% (2020: Same) per annum. Their carrying amounts approximate their fair values.

29 Pension assets and obligations

The Group operates certain defined benefit pension plans in Hong Kong and Taiwan. These pension plans are either final salary defined benefit plans or with minimum guaranteed return rate on plan assets. The assets of the funded plans are generally held independently of the Group's assets in separate trustee-administered funds. The Group's major plans are valued by qualified actuaries annually using the projected unit credit method. Defined benefit plans in Hong Kong and Taiwan are valued by Towers Watson Hong Kong Limited and KTMC Actuaries Co., Ltd. respectively.

(a) The pension assets/obligations recognised in the consolidated statement of financial position are determined as follows:

	2021 *HK$'000*	2020 *HK$'000*
Present value of funded obligations (note c)	**61,407**	61,172
Fair value of plan assets (note d)	**(57,326)**	(51,730)
	4,081	9,442
Represented by:		
Pension assets	**(9,680)**	(4,233)
Pension obligations	**13,761**	13,675
	4,081	9,442
Remeasurement gain of defined benefit plans recognised in the consolidated statement of comprehensive income ("SOCI") during the year	**(5,459)**	(842)
Cumulative remeasurement gain of defined benefit plans recognised in the SOCI	**(24,140)**	(18,681)

29 Pension assets and obligations (Continued)

(b) The amounts recognised in the consolidated income statement are as follows:

	2021 *HK$'000*	2020 *HK$'000*
Current service cost	2,262	2,004
Gain on curtailment	–	(54)
Net interest on net defined benefit liability	52	106
Others	10	11
Total, included in staff costs (note 12)	2,324	2,067

(c) Movements in present value of the funded obligations in current year are as follows:

	2021 *HK$'000*	2020 *HK$'000*
At 1 January	61,172	59,562
Exchange adjustment	766	2,936
Current service cost	2,262	2,004
Gain on curtailment	–	(54)
Interest cost	383	638
Actuarial (gain)/loss:		
– experience adjustment	(213)	174
– financial assumption changes	(807)	2,725
– demographic assumption changes	952	(1)
Payment from plan	(2,600)	(2,508)
Payment by entity	(508)	(4,304)
At 31 December (note a)	61,407	61,172

29 Pension assets and obligations (Continued)

(d) Movements in fair value of the plan assets in current year are as follows:

	2021 *HK$'000*	2020 *HK$'000*
At 1 January	51,730	46,202
Exchange adjustment	536	1,722
Interest income	331	532
Return on plan assets, excluding amounts included in interest income	5,391	3,740
Contribution by employer	1,948	2,053
Payment from plan	(2,600)	(2,508)
Others	(10)	(11)
At 31 December (note a)	57,326	51,730

The estimated contribution by the Group for 2022 will amount to approximately HK$2,080,000.

29 Pension assets and obligations (Continued)

(e) Fair value of the plan assets is analysed as follows:

	2021 *Percentage*	2020 *Percentage*
Equity instruments		
Consumer markets and manufacturing	6%	5%
Energy and utilities	1%	1%
Financial institutions and insurance	7%	5%
Telecommunications and information technology	12%	10%
Others	9%	9%
	35%	30%
Debt instruments		
US Treasury notes	1%	1%
Government and government guaranteed notes	5%	6%
Financial institutions notes	1%	1%
Others	2%	2%
	9%	10%
Cash and cash equivalents	56%	60%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2021 *Percentage*	2020 *Percentage*
Aaa/AAA	6%	6%
Aa1/AA+	38%	40%
Aa2/AA	5%	3%
Aa3/AA–	3%	3%
A1/A+	8%	5%
A2/A	7%	8%
Other investment grades	18%	16%
No investment grades	15%	19%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market price.

29 Pension assets and obligations (Continued)

(e) Fair value of the plan assets is analysed as follows: (Continued):

The principal actuarial assumptions used are as follows:

	2021	2020
Discount rate	0.625% – 1.5%	0.6% – 0.625%
Rate of salary increases	3.0% – 3.5%	3.0% – 3.5%

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2021. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets.

The long-term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, the liquidity requirements of the plans.

The weighted average duration of the defined benefit obligations is 10.8 years.

Expected maturity analysis of undiscounted pension benefits is as follows:

At 31 December 2021	Within next 5 years *HK$'000*	Beyond 5 years but within 10 years *HK$'000*	Beyond 10 years but within 15 years *HK$'000*	Beyond 15 years but within 20 years *HK$'000*	Beyond 20 years *HK$'000*	Total *HK$'000*
Pension benefits	22,070	12,073	23,332	17,611	6,642	81,728

29 Pension assets and obligations (Continued)

(f) The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Impact on defined benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 2.4%	Increase by 2.5%
Rate of salary increases	0.25%	Increase by 2.1%	Decrease by 2.0%

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

30 Deferred taxation

(a) Deferred tax assets

	2021 ***HK$'000***	2020 *HK$'000*
At 1 January	**48,935**	45,767
Exchange adjustment	**909**	3,079
Credited to consolidated income statement (note c)	**87**	89
At 31 December	**49,931**	48,935
Amount to be recovered after more than one year	**1,582**	1,472

30 Deferred taxation (Continued)

(b) Deferred tax liabilities

	2021 *HK$'000*	2020 *HK$'000*
At 1 January	12,744	12,857
Exchange adjustment	305	909
Credited to consolidated income statement (note c)	(1,423)	(1,022)
At 31 December	11,626	12,744
Amount to be payable after more than one year	11,626	12,744

(c) Deferred taxation credited to consolidated income statement

	2021 *HK$'000*	2020 *HK$'000*
Deferred tax assets (note a)	87	89
Deferred tax liabilities (note b)	1,423	1,022
Deferred taxation credited to consolidated income statement (note 9)	1,510	1,111

30 Deferred taxation (Continued)

(d) Movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year

Deferred tax assets

	Provisions		Others		Total	
	2021	2020	2021	2020	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	47,463	44,460	1,472	1,307	48,935	45,767
Exchange adjustment	888	2,996	21	83	909	3,079
Credited/(charged) to consolidated income statement	(2)	7	89	82	87	89
At 31 December	48,349	47,463	1,582	1,472	49,931	48,935

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses as at 31 December 2021 of HK$726,147,000 (2020: HK$798,199,000) that can be carried forward against future taxable income. Losses amounting to HK$262,653,000 will be expired from 2022 to 2031, and HK$463,494,000 has no expiry terms.

Deferred tax liabilities

	Unremitted earnings		Others		Total	
	2021	2020	2021	2020	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	3,139	3,892	9,605	8,965	12,744	12,857
Exchange adjustment	63	269	242	640	305	909
Credited to consolidated income statement	(1,404)	(1,022)	(19)	–	(1,423)	(1,022)
At 31 December	1,798	3,139	9,828	9,605	11,626	12,744

30 Deferred taxation (Continued)

(e) Deferred income tax liabilities of HK$28,509,000 (2020: HK$37,596,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are to be reinvested. Unremitted earnings totalled HK$521,514,000 as at 31 December 2021 (2020: HK$704,176,000).

31 Share capital

Company – Authorised

	Ordinary shares of HK$0.1 each	
	No. of shares	*HK$'000*
At 1 January and 31 December 2020 and 1 January and 31 December 2021	5,000,000,000	500,000

Company – Issued and fully paid

	Ordinary shares of HK$0.1 each	
	No. of shares	*HK$'000*
At 1 January and 31 December 2020 and 1 January and 31 December 2021	3,958,510,558	395,852

32 Own shares held

	No. of shares	*HK$'000*
At 1 January and 31 December 2020 and 1 January and 31 December 2021	3,043,771	6,244

33 Notes to the consolidated statement of cash flows

(a) Reconciliation of loss before taxation to net cash inflow from operations

	2021 *HK$'000*	2020 *HK$'000*
Loss before taxation	(92,569)	(1,146,959)
Interest expenses and borrowing costs on bank loans	58,599	81,027
Bank interest income	(3,432)	(5,749)
Amortisation and depreciation	159,933	161,317
Dividend income from financial assets at FVOCI	(916)	(1,222)
Share of profits less losses of investments accounted for using the equity method	62,969	78,072
Provision for impairment of goodwill (notes 5 and 16)	–	46,333
Provision for impairment in amounts due from associated companies (note 21)	–	95,080
Provision for impairment in investments accounted for using the equity method (notes 5 and 18)	–	874,444
Provision for impairment of trade receivables, net	128	3,352
Provision for inventories	18,769	24,457
Write back of trade and other payables, net	(9,751)	(1,405)
Gain on disposal of fixed assets	(96)	(216)
Gain on disposal of subsidiaries (note b)	(3,336)	–
Gain on disposal of a subsidiary (note b)	–	(2,372)
(Gain)/loss on termination of lease agreement	(11)	11
Gain on rent concessions (note 7(c))	(10)	(454)
Fair value loss on revaluation of investment properties (note 15)	73	–
Adjusted operating profit before working capital changes	190,350	205,716
(Increase)/decrease in long-term receivables	(5,820)	1,734
Increase in inventories	(19,711)	(19,729)
Decrease/(increase) in trade and other receivables	16,735	(6,692)
Increase in trade and other payables	28,472	23,742
Increase/(decrease) in pension obligations, net	98	(3,076)
Exchange adjustment	(8,441)	1,513
Net cash inflow from operations	201,683	203,208

33 Notes to the consolidated statement of cash flows (Continued)

(b) Disposal of subsidiaries

	2021 *HK$'000*	2020 *HK$'000*
Net liabilities disposed of:		
Fixed assets (note 13)	–	468
Right-of-use assets	592	2,389
Trade and other receivables	22,312	2,528
Cash and bank balances	1,086	19
Trade and other payables	(26,174)	(6,961)
Taxation payable	–	(201)
Lease liabilities (note c)	(2,491)	(2,271)
Capital reserve	(131)	–
Non-controlling interests	7,256	3,447
Exchange reserve	(5,413)	(1,568)
	(2,963)	(2,150)
Gain on disposal of subsidiaries (note a)	3,336	2,372
	373	222
Represented by:		
Cash	373	222
Analysis of net cash (outflow)/inflow in respect of disposal of subsidiaries:		
Cash received	373	222
Cash and bank balances disposed of	(1,086)	(19)
Net cash (outflow)/inflow in respect of disposal of subsidiaries	(713)	203

33 Notes to the consolidated statement of cash flows (Continued)

(c) Analysis of changes in financing during the year

	2021 *HK$'000*	2020 *HK$'000*
Bank loans		
At 1 January	3,288,160	3,174,081
New bank loans	180,650	683,078
Loan repayments	(81,836)	(575,682)
	98,814	107,396
Exchange adjustment	1,064	6,683
At 31 December	3,388,038	3,288,160

	2021 *HK$'000*	2020 *HK$'000*
Lease liabilities		
At 1 January	35,415	49,239
New leases entered into during the year	16,896	16,207
Principal elements of lease payments	(27,287)	(28,445)
Termination of lease agreement	(1,484)	(1,299)
Rent concessions (note 7(c))	(10)	(454)
Lease modification	6,771	–
Disposal of subsidiaries (note b)	(2,491)	(2,271)
	(7,605)	(16,262)
Exchange adjustment	380	2,438
At 31 December	28,190	35,415

34 Pledge of assets

Save as disclosed in note 24, the Group had no pledge of assets as at 31 December 2021 (2020: Nil).

35 Commitments

(a) Capital commitments

At 31 December 2021, the Group had no significant capital commitments (2020: Same).

(b) Commitments under operating leases

At 31 December 2021, the Group had future aggregate minimum lease receivables under non-cancellable operating leases of investment properties as follows:

	2021 *HK$'000*	2020 *HK$'000*
No later than one year	**840**	829
Later than one year and no later than two years	**1,439**	1,392
Later than two years and no later than three years	**600**	1,404
Later than three years and no later than four years	**–**	585
	2,879	4,210

36 Related party transactions

A summary of significant related party transactions, in addition to those disclosed in notes 23 and 26 to the consolidated financial statements, is set out below:

(a) Sales of goods and services

	2021	2020
	HK$'000	*HK$'000*
Provision of services to		
– Associated companies	**5,794**	7,387

All the transactions with related parties were entered into in accordance with terms agreed by the relevant parties.

Year-end balances due from these related companies arising from sales of goods and services are shown in note 21 and 23(d).

(b) Purchase of goods and services

	2021	2020
	HK$'000	*HK$'000*
Purchase of services payable to		
– Non-controlling interests of a subsidiary and their subsidiaries	**2,007**	1,366
Service fees payable to		
– CKHH and its subsidiaries	**2,523**	2,646

36 Related party transactions (Continued)

(b) Purchase of goods and services (Continued)

In December 2019, the Company had entered into a facility agreement with eight independent financial institutions for the term and revolving loan facilities amounting to HK$3,700 million. In December 2021, the Company has entered into the amendment and restatement deed in relation to the facility agreement, to amend and restate the facility agreement with the extension of final maturity date of the facilities to 17 December 2024.

A substantial shareholder of the Company has continued to grant guarantee to the Company at a guarantee fee equivalent to 0.5% per annum for aggregate principal amount outstanding under this loan facility. During the year ended 31 December 2021, guarantee fee amounted to approximately HK$16,385,000 (2020: HK$16,700,000) was paid by the Company to the substantial shareholder.

All the transactions with related parties were entered into in accordance with terms agreed by the relevant parties.

Year-end balances due to these related companies arising from purchase of goods and services are shown in note 26(c).

(c) Key management compensation

Management considers remuneration to all key management of the Group has already been disclosed in note 39(a).

37 Subsequent events

There is no subsequent event after the reporting period which has material impact to the consolidated financial statements of the Group.

38 Statement of financial position of the Company

(a) Statement of financial position of the Company

	Note	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	c	806,369	853,534
A financial asset at fair value through other comprehensive income	d	61,812	105,767
		868,181	959,301
Current assets			
Amounts due from subsidiaries	c	1,445,830	1,465,814
Other receivables	e	4,769	4,436
Cash and cash equivalents	f	3,605	8,113
		1,454,204	1,478,363
Current liabilities			
Amounts due to subsidiaries	c	677,175	697,718
Other payables	g	1,464	273
		678,639	697,991
Net current assets		775,565	780,372
Total assets less current liabilities		1,643,746	1,739,673
Non-current liability			
Long-term bank loans	h	3,366,768	3,191,989
Net liabilities		(1,723,022)	(1,452,316)

38 Statement of financial position of the Company (Continued)

(a) Statement of financial position of the Company (Continued)

	Note	2021 HK$'000	2020 HK$'000
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	31	395,852	395,852
Deficits	b	(2,112,630)	(1,841,924)
Own shares held	32	(6,244)	(6,244)
Total deficit		(1,723,022)	(1,452,316)

Yeung Kwok Mung
Director

38 Statement of financial position of the Company (Continued)

(b) Movement of reserve of the Company

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Fair value through other comprehensive income reserve *HK$'000*	Capital redemption reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2020	4,218,951	23,565	(50,824)	776	(4,954,393)	(761,925)
Loss for the year	–	–	–	–	(1,111,592)	(1,111,592)
Revaluation surplus of a financial asset at FVOCI	–	–	31,593	–	–	31,593
At 31 December 2020	4,218,951	23,565	(19,231)	776	(6,065,985)	(1,841,924)
At 1 January 2021	4,218,951	23,565	(19,231)	776	(6,065,985)	(1,841,924)
Loss for the year	–	–	–	–	(226,751)	(226,751)
Revaluation deficit of a financial asset at FVOCI	–	–	(43,955)	–	–	(43,955)
At 31 December 2021	4,218,951	23,565	(63,186)	776	(6,292,736)	(2,112,630)

The loss of the Company is HK$226,751,000 (2020: HK$1,111,592,000) and is included in determining the loss attributable to equity holders of the Company in the consolidated income statement.

As at 31 December 2021, the Company has no distributable reserves as calculated under the Companies Law of the Cayman Islands (2020: Nil).

38 Statement of financial position of the Company (Continued)

(c) Interests in subsidiaries

	2021 *HK$'000*	2020 *HK$'000*
Investments at cost – unlisted shares	2,259,451	2,259,451
Less: Provision for impairment	(1,453,082)	(1,405,917)
	806,369	853,534

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand except HK$579,707,000 (2020: HK$602,911,000) bearing the effective interest rate of 0.26% (2020: 0.36%) per annum for the year ended 31 December 2021.

The carrying values of the amounts due from and to subsidiaries approximate their fair values.

The list of the principal subsidiaries of the Company at 31 December 2021 is set out on pages 166 to 170.

(d) A financial asset at fair value through other comprehensive income

	2021 *HK$'000*	2020 *HK$'000*
At 1 January	105,767	74,174
Net revaluation (deficit)/surplus	(43,955)	31,593
At 31 December	61,812	105,767
Less: Non-current portion	(61,812)	(105,767)
Current portion	–	–

The Company's financial asset at FVOCI includes listed equity security.

The Company's financial asset at FVOCI is denominated in HK$.

As at 31 December 2021, the fair value of that financial asset at FVOCI was arrived by reference to the quoted price in active market for identical asset (Level 1).

38 Statement of financial position of the Company (Continued)

(e) Other receivables

(i) The carrying values of the Company's other receivables approximate their fair values.

(ii) The carrying amounts of the Company's other receivables are denominated in HK$.

(f) Cash and cash equivalents

	2021 *HK$'000*	2020 *HK$'000*
Cash at bank	3,605	8,113

Cash and cash equivalents are denominated in the following currencies:

	2021 *HK$'000*	2020 *HK$'000*
HK$	3,248	7,753
US$	357	360
	3,605	8,113
Maximum exposure to credit risk	3,605	8,113

(g) Other payables

(i) The carrying values of the Company's other payables approximate their fair values.

(ii) The carrying amounts of the Company's other payables are denominated in HK$.

38 Statement of financial position of the Company (Continued)

(h) Long-term bank loans

	2021 *HK$'000*	2020 *HK$'000*
Unsecured	3,367,000	3,200,000
Less: Transaction costs arising on bank facility	(232)	(8,011)
	3,366,768	3,191,989
Less: Current portion	–	–
Non-current portion	3,366,768	3,191,989
The principal amount of bank loans are repayable:		
In the second year	–	3,200,000
In the third to fifth year	3,367,000	–
Wholly repayable within 5 years	3,367,000	3,200,000

The principal amount of bank loans are denominated in HK$.

These long-term bank loans are interest-bearing at prevailing market rates of HIBOR plus 0.65% (2020: Same) per annum. Their carrying amounts approximate their fair values.

38 Statement of financial position of the Company (Continued)

(i) Financial instruments by category

	Financial assets at amortised cost	
	2021	2020
	HK$'000	*HK$'000*
Assets as per statement of financial position		
Cash and cash equivalents (note f)	3,605	8,113
Other receivables excluding prepayments	4,075	3,878
Amounts due from subsidiaries (note c)	1,445,830	1,465,814
	1,453,510	1,477,805

	Other financial liabilities	
	2021	2020
	HK$'000	*HK$'000*
Liabilities as per statement of financial position		
Long-term bank loans (note h)	3,366,768	3,191,989
Other payables (note g)	1,464	273
Amounts due to subsidiaries (note c)	677,175	697,718
	4,045,407	3,889,980

(j) Financial risk factor

Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	HK$'000	*HK$'000*	*HK$'000*
At 31 December 2021			
Bank borrowings, including interest payable	27,318	27,243	3,393,144
Amounts due to subsidiaries	677,175	–	–
At 31 December 2020			
Bank borrowings, including interest payable	26,627	3,225,483	–
Amounts due to subsidiaries	697,718	–	–

39 Benefits and interests of directors

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2021 is set out below:

	Fees HK$'000	Basic salaries, housing allowances, other allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive director					
Mr. Yeung Kwok Mung	50	6,289	–	397	6,736
Independent non-executive directors and members of Audit Committee					
Dr. Fong Chi Wai, Alex	100	–	–	–	100
Mr. James Sha	100	–	–	–	100
Mr. Chan Tze Leung	100	–	–	–	100
Non-executive director and member of Audit Committee					
Mrs. Lee Pui Ling, Angelina	100	–	–	–	100
Non-executive directors					
Mr. Frank John Sixt	50	–	–	–	50
Ms. Chang Pui Vee, Debbie	50	–	–	–	50
Total	550	6,289	–	397	7,236

39 Benefits and interests of directors (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each director for the year ended 31 December 2020 is set out below:

	Fees *HK$'000*	Basic salaries, housing allowances, other allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Contributions to retirement benefit schemes *HK$'000*	Total *HK$'000*
Executive director					
Mr. Yeung Kwok Mung	50	6,123	–	397	6,570
Independent non-executive directors and members of Audit Committee					
Dr. Fong Chi Wai, Alex	100	–	–	–	100
Mr. James Sha	100	–	–	–	100
Mr. Chan Tze Leung	33	–	–	–	33
Ex-independent non-executive director and ex-member of Audit Committee					
Mr. Ip Yuk-keung, Albert	67	–	–	–	67
Non-executive director and member of Audit Committee					
Mrs. Lee Pui Ling, Angelina	100	–	–	–	100
Non-executive directors					
Mr. Frank John Sixt	50	–	–	–	50
Ms. Chang Pui Vee, Debbie	50	–	–	–	50
Total	550	6,123	–	397	7,070

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for the loss of office (2020: Nil).

There has been no arrangement under which a director has waived or agreed to waive any emoluments for the year ended 31 December 2021 (2020: Nil).

39 Benefits and interests of directors (Continued)

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

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2020: Nil).

40 Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 10 March 2022.

Principal Subsidiaries and Associated Companies

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	tom.com enterprises Limited	British Virgin Islands ("BVI"), limited liability company	Holding of the trademarks and domain name	1 ordinary share of US$1 each	100%
	TOM Group International Limited	Hong Kong, limited liability company	Management of strategic investments of the Group in Greater China	Ordinary shares HK$10	100%
	E-Commerce Group				
©	Shanghai Eachnet Network Technology Services Co., Ltd.	Mainland China, limited liability company	Operation of a mobile and Internet-based C2C marketplace in Mainland China	Registered capital US$35,263,334	90.002%
#©	Shanghai Ule Network Technology Co., Ltd.	Mainland China, limited liability company	Owning and operating a mobile and Internet-based e-marketplace in Mainland China	Registered capital US$70,165,000	37.80%
	TOM E-Commerce Limited	BVI, limited liability company	Investment holding in Mainland China	1 ordinary share of US$1 each	90.002%
#	Ule Holdings Limited	BVI, limited liability company	Investment holding	867,471,000 ordinary shares of US$0.00001 each 144,577,000 series A-1 and 29,104,573 series A-2 preferred shares of US$0.00001 each	37.80%
#	Ule International Co., Limited	Hong Kong, limited liability company	Investment holding, owning and operating a website of www.ule.com.hk	Ordinary shares HK$2	37.80%
#※	China Post (Anhui) Network Technology Co., Ltd.	Mainland China, limited liability company	Owning and operating a website of www.ulenp.com, which is an e-marketplace specifically for agricultural products in Mainland China	Registered capital RMB15,000,000	37.80%

Principal Subsidiaries and Associated Companies

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	Mobile Internet Group				
@	Beijing Lei Ting Wan Jun Network Technology Limited	Mainland China, limited liability company	Provision of Internet content services, online advertising services and telecom value-added services in Mainland China	Registered capital RMB100,000,000	90.002%
@	Beijing LingXun Interactive Science Technology and Development Company Limited	Mainland China, limited liability company	Provision of mobile Internet services in Mainland China	Registered capital RMB10,000,000	90.002%
©	ECLink Electronic Network Systems (Shenzhen) Co., Ltd.	Mainland China, limited liability company	Software, electronics, computer network system development and provision of enterprise solutions in Mainland China	Registered capital US$3,000,000	100%
@	Shenzhen Freenet Information Technology Company Limited	Mainland China, limited liability company	E-mail service provider and provision of mobile Internet services in Mainland China	Registered capital RMB23,000,000	90.002%
	TOM Online Inc.	Cayman Islands, limited liability company	Investment holding	4,259,654,528 ordinary shares of HK$0.01 each	90.002%
	TOM Online Payment Investments Company Limited	BVI, limited liability company	Investment holding	1 ordinary share of US$1 each	90.002%
	Social Network Group				
	Pixnet Digital Media Corporation Limited	Taiwan, limited liability company	Supply service of online community and social networking websites in Taiwan	6,324,451 ordinary shares of NT$10 each	82.03%
	Publishing Group				
	Bookworm Club Co., Ltd.	Taiwan, limited liability company	Distribution and retailing of books and magazines in Taiwan	2,015,000 ordinary shares of NT$10 each	82.87%
	Cite (H.K.) Publishing Group Limited	Hong Kong, limited liability company	Retailing and distribution of books and magazines in Hong Kong	Ordinary shares HK$4,200,000	69.07%

Principal Subsidiaries and Associated Companies

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	Publishing Group (Continued)				
	Cite (Malaysia) SDN. BHD.	Malaysia, limited liability company	Publishing and distribution of books and magazines in Malaysia	400,000 ordinary shares of RM1 each	73.14%
	Cité Publishing Holding Limited	BVI, limited liability company	Investment holding in Taiwan	4,979,402 ordinary shares of US$0.01 each	82.89%
	Cité Publishing Limited	Taiwan, limited liability company	Publishing of books and magazines in Taiwan	85,289,205 ordinary shares of NT$10 each	82.87%
	Home Media Group Ltd.	Cayman Islands, limited liability company	Investment holding, advertising sales and distribution of publications in Taiwan	986,922,602 ordinary shares of US$0.00001 each	82.87%
	Nong Nong Magazine Co., Ltd.	Taiwan, limited liability company	Publishing and distribution of magazines and advertising sales in Taiwan	2,500,000 ordinary shares of NT$10 each	66.30%
	Advertising Group				
@	Guangdong Yangcheng Advertising Company Limited	Mainland China, limited liability company	Advertising services, event management and media buying business in Mainland China	Registered capital RMB5,000,000	80%
	YCP Advertising Limited	Hong Kong, limited liability company	Advertising services, event management and media buying business in Mainland China and Hong Kong	Ordinary shares HK$10	80%

\# Associated company

@ Domestic Companies in The People's Republic of China ("PRC") under Contractual Arrangements (Note)

※ Domestic Company registered under PRC law

◎ Wholly owned foreign enterprise (WOFE) registered under PRC law

Principal Subsidiaries and Associated Companies

Note:

As mentioned in note 1(b) to the consolidated financial statements, the Company regards the PRC Domestic Companies under the Contractual Arrangements as subsidiaries of the Group under HKFRS.

The Contractual Agreements principally comprise of (i) Option Agreements, (ii) Loan Agreements, (iii) Exclusive Technical and Consultancy Services Agreements, (iv) Equity Pledge Agreements, (v) Business Operation Agreements and (vi) Irrevocable Power of Attorneys.

Key provisions of the principal Contractual Agreements are as follows:

(i) Option Agreements – Certain subsidiaries of the Company ("Intermediate Holding Companies") entered into option agreements with the PRC Domestic Companies and the PRC nationals under which the relevant PRC nationals have granted exclusive options to the relevant Intermediate Holding Companies to purchase all or part of the relevant PRC nationals' interests in the relevant PRC Domestic Companies concerned exercisable at the discretion of the relevant Intermediate Holding Companies to the extent permitted by PRC laws at the purchase price as set out in the relevant option agreements such as an amount equivalent to the registered capital contributed to the relevant PRC Domestic Companies.

(ii) Loan Agreements – Pursuant to the loan agreements between the relevant Intermediate Holding Companies and the relevant PRC nationals, the relevant Intermediate Holding Companies have provided long-term loans to the relevant PRC nationals to be invested exclusively in the relevant PRC Domestic Companies. The loans will become due and payable only in the form of transfer of all of the relevant PRC nationals' equity interests in the relevant PRC Domestic Companies to the relevant Intermediate Holding Companies or their nominee(s), including in the circumstances when (i) current restrictions on foreign ownership in the PRC Domestic Companies are lifted under the PRC laws; (ii) the relevant PRC nationals resign from or are removed by the relevant Intermediate Holding Companies or its affiliated entities from office; (iii) the relevant PRC nationals commit a criminal offence; (iv) any third party raises against the relevant PRC nationals a claim over RMB500,000; or (v) the relevant PRC nationals die or become incapacitated.

(iii) Exclusive Technical and Consultancy Services Agreements – The PRC Domestic Companies have entered into exclusive technical and consultancy services agreements with certain subsidiaries of the Company ("Service Providers") pursuant to which the relevant PRC Domestic Companies agreed to engage the relevant Service Providers to provide certain technical and consultancy services to the relevant PRC Domestic Companies on an exclusive basis (unless otherwise allowed under such contract) in exchange for service fees, which amount to substantially all of the net profit of the PRC Domestic Companies.

Principal Subsidiaries and Associated Companies

(iv) Equity Pledge Agreements – Pursuant to the equity pledge agreements between the relevant Service Providers and the relevant PRC nationals, the relevant PRC nationals have pledged to the relevant Service Providers all their respective interest in the relevant PRC Domestic Companies for the performance of the payment obligations of such PRC Domestic Companies under the relevant Exclusive Technical and Consultancy Services Agreements with such Service Providers mentioned in paragraph (iii) above. No consideration is payable under each of the equity pledge agreements.

(v) Business Operation Agreements – Pursuant to the business operation agreements between the relevant PRC Domestic Companies, the relevant Service Providers and the relevant PRC nationals, the relevant Service Providers have agreed to act as guarantors for any obligations undertaken by the relevant PRC Domestic Companies and, in return, the relevant PRC Domestic Companies have agreed to pledge all of their respective accounts receivables and assets in favour of the relevant Service Providers. In addition, the relevant PRC Domestic Companies and the relevant PRC nationals have agreed to appoint individuals designated by the Service Providers to the management team of the relevant PRC Domestic Companies and to refrain from, unless with the prior written consent of the relevant Service Providers or their nominees, taking certain actions that may materially affect the operations of the relevant PRC Domestic Companies, including lending or assuming any obligation from any their party or sell or transfer any assets to any their parties. No consideration is payable under each of the business operations agreements.

(vi) Irrevocable Power of Attorneys – Pursuant to the relevant irrevocable Power of Attorneys, the relevant PRC nationals have granted the authorisations to a representative designated by the Company to exercise all of the shareholders' right with respect to the shareholders' interests in the PRC Domestic Companies.

The above table lists out the principal subsidiaries and associated companies of the Group as at 31 December 2021 which, in the opinion of the directors of the Company, either principally affect the results and net liabilities of the Group or provide potential opportunities to the business development of the Group. To give a complete list of the particulars of all the subsidiaries and associated companies of the Group would, in the opinion of the directors of the Company, be of excessive length.

Except for tom.com enterprises Limited, TOM Group International Limited and TOM Online Inc. which are directly held by the Company, the interests in the remaining subsidiaries and associated companies are held indirectly.

Definitions

"Associates"	has the meaning ascribed to it in the Listing Rules
"B2B"	means business-to-business
"B2C"	means business-to-consumer
"Board"	means the board of Directors
"China Post"	means China Post Group Corporation Limited, a state-owned enterprise of the People's Republic of China, and its subsidiaries
"China Post HK"	Telpo Philatelic Company Limited, a company incorporated under the laws of Hong Kong and a subsidiary of China Post
"CKH"	means Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, whose listing status on the Stock Exchange was replaced by CKHH on 18 March 2015
"CKHH"	means CK Hutchison Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange on 18 March 2015 (Stock Code: 0001)
"Company" or "TOM"	means TOM Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2383)
"Corporate Governance Code"	means the Corporate Governance Code sets out in Appendix 14 to the Listing Rules
"COVID-19"	means the infectious disease caused by a newly discovered coronavirus
"Director(s)"	means the director(s) of the Company
"ESG"	means environmental, social and governance
"GMV"	means Gross Merchandise Value, the total value of all orders handled or processed through Ule Group's platform which includes multiple websites, mobile applications and PC applications, regardless of whether the orders are consummated, goods and services returned or not
"Group" or "TOM Group"	means the Company and its subsidiaries

Definitions

"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China
"HWL"	means Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares ceased to be listed on the Stock Exchange on 3 June 2015
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	means the main board of the Stock Exchange
"Mainland China"	means for the purpose of the segment differentiation of this report, the People's Republic of China, excluding coverage of Hong Kong, Macau Special Administrative Region and Taiwan region
"Media Business"	means two reportable operating segments of Publishing Group and Advertising Group
"MioTech"	means Mioying Holdings Inc., a company incorporated in the Cayman Islands with limited liability
"Model Code"	means Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"SFO"	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Technology Platform and Investments"	means three reportable operating segments of E-Commerce Group, Social Network Group and Mobile Internet Group; and investments in Fintech and Advanced Data Analytics sectors
"Ule" or "Ule Group"	means Ule Holdings Limited or Ule Holdings Limited and its subsidiaries, a material associate of the Company which undertakes an e-commerce/new retail business in Mainland China and from time to time raises funds for its growing business
"WeLab"	means WeLab Holdings Limited, a BVI business company incorporated in the British Virgin Islands with limited liability

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