



基石金融控股有限公司

CORNERSTONE FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 8112

2021
Interim Report
中期報告

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This report, for which the directors (the “Directors”) of Cornerstone Financial Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

Management Discussion and Analysis	2
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Unaudited Condensed Consolidated Statement of Financial Position	12
Unaudited Condensed Consolidated Statement of Changes in Equity	14
Unaudited Condensed Consolidated Statement of Cash Flows	15
Notes to the Unaudited Condensed Consolidated Interim Financial Information	16
Other Information	29

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PROSPECTS

During the period ended 30 June 2021 (the “Reporting Period”), Cornerstone Financial Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) were principally engaged in the financial services and the advertising and media services. The advertising and media business remained the main contributor to the Group’s revenue while the financial services continued to generate stable revenue for the Group. The Group recorded an overall revenue of approximately HK\$26.6 million during the Reporting Period, as compared with approximately HK\$26.2 million of the corresponding period of the previous year. The impact of the COVID-19 pandemic and deteriorated economies worldwide continued and caused a very notable reduction in business and social activities and severe economic uncertainty. With hope being built from availability of vaccines, the situation took a dramatic turnaround after new variants of virus unveiled which intensified the uncertainties to the business environment. Correspondingly, the overall performance and financial results of the Group for the Reporting Period continued to be affected by the prolonged pandemic. The revenue of the Group’s advertising and media business has improved slightly from approximately HK\$19.5 million to HK\$20 million for the same period in 2020 and 2021 respectively, however, it has not yet fully recovered to the pre-COVID-19 pandemic level. It was observed that despite the general economic downturn, local stock trading activities remained energetic and had not been weakened to a significant deteriorating level. It was believed that the foreseeable outlook of the business environment would continue to remain uncertain and challenging, in particular, with occasional news reporting of outbreaks of different variants of COVID-19 and different reporting of the effectiveness of available vaccines to variants of virus. Under this unpredicted circumstance, the swift and dramatic turnarounds make it difficult and challenging to formulate and implement any risk-free business plan. The management will continue to monitor the changes and their impact and to make adjustments to its business strategies as well as to make plans to strive to be prepared for the potential storm which may last for an unknown period. The management is cautiously optimistic that the economy would eventually progress towards a more positively direction after measures implemented by different countries can be proven to be successful and more people become vaccinated and that the business prospects of the Group would correspondingly become stronger in the future. The Group’s business review and prospects are as follows:

Financial Services

The Group’s financial services business are mainly conducted under the brand name of “Cornerstone” and consisted of Type 1 (dealing in securities), Type 4 (advising on securities), Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). During the Reporting Period, the total revenue of the financial services business amounted to approximately HK\$6.6 million. Margin financing business was the key income stream for the Group’s financial services business and approximately HK\$125 million margin loan financing was granted to margin account clients as at 30 June 2021.

Over the past few years, the financial services business undertaken by Cornerstone Securities Limited (“CSL”), a 91.19% indirectly owned subsidiary of the Company, has been providing stable revenue for the Group and approximately 75% of the revenue from financial services business is currently contributed by the margin financial services.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

According to the financial record of the Group, the revenue of the margin financing business and the commission income for the Reporting Period were approximately HK\$5 million and HK\$1.6 million respectively. Fundamentally, contribution from margin financing business is significant for a securities company. The management of CSL advised that with more capital, more interest income and brokerage commission could be generated for the financial services business. The Company believed that it is important to explore opportunities to expand amongst others, its margin financing business as CSL has a potential client base of high net-worth individuals in the People's Republic of China ("PRC"). The Group had been receiving increasing enquiries from clients for provision of margin trading facilities, mostly for IPO margin loans, since the fourth quarter of 2020, and it is observed that the positive trend in demand for IPO financing continued in the first quarter of 2021. It is believed that once the regulatory bodies uplift or relax border restrictions, there will be an influx of potential investors from the PRC. To improve the financial position of the Company to meet operational needs and facilitate business growth and to better enable the Company to ride through the possible worsen economy and business conditions, when business could come to a halt for an unknown period, the Company proposed a rights issue in January 2021 and a share placement in April 2021, however, the rights issue was not approved by the shareholders in March 2021 and the listing approval for the share placement cannot be obtained in time in May 2021 to meet the conditions precedent to complete the underwriting of the placement.

To support, sustain and help to grow the Group's business, the Company will continue to monitor the changing environment and to review and explore different fund raising options at different points of time. Despite the pandemic and with reference to the performance of the stock market over the past year during the pandemic, the Management remains confident with the future prospect of the financial service business. With the support of an experience management team, it is believed that the financial service segment will continue to contribute encouraging results to the Group.

Advertising and media business

The Group is a well-established digital out-of-home ("OOH") media company in Hong Kong and Singapore, with an operating history since April 2004. It had pioneered the concept of creating a sizeable network of flat-panel displays in elevator lobbies of office and commercial buildings as well as the residential buildings to sell advertisement. The number of venues in which the Group deployed its flat-panel displays over the corresponding period of the previous year is shown as follows:

Region	Network	Six months ended 30 June 2021	Six months ended 30 June 2020
Hong Kong	Office, Commercial and Residential Network	1,019	1,048
Singapore	Office and Commercial Network	510	517
Total number of venues		1,529	1,565

As of 30 June 2021, the Group has deployed its branded flat-panel displays at 1,529 office, commercial and residential buildings in Hong Kong and Singapore under its digital OOH media network.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Under its OOH large format media network in Singapore, the Group continues to hold its current OOH sites as well as adding new ones making it a total twelve strategically located OOH sites. Within the Raffles Green area which are just above the Raffles Place MRT station, located right in the heart of Singapore’s financial district, the Group dominates the vicinity with three prominent sites, two illuminated large static billboard sites namely Clifford Centre and The Arcade and one LED screen at Change Alley Mall (previously known as Chevron House). We have also expanded our partnership with Change Alley Mall and 30 Raffles Place to market all their OOH spaces within the building.

The Group’s other OOH large static format which targets SMEs includes exclusive partnerships with AZ @ Paya Lebar and Ark @ KB. AZ @ Paya Lebar building is centered within the districts of Paya Lebar, Ubi and Tai Seng; which is one of the busiest business and industrial hubs in Singapore. It faces heavy vehicle traffic at the cross junction of Paya Lebar Road, Ubi Avenue 2 and Circuit Link. Paya Lebar Road is also the main gateway to a major expressway where the exit and entry points are just 500 meters away. This billboard also targets foot-traffic flowing in and out of MacPherson MRT station, which is directly opposite of AZ @ Paya Lebar building. Another site reaching out to SMEs is ARK @ KB where the crowd are similar as of AZ building, where the site is visible across the flyover leading to the Kaki Bukit industrial area. The Group has added exclusive partnership with 18 Tai Seng for various sites within the building as well as MRT underpass. This building serves as a retail and F&B hub choices as well as connector to MRT station for their surrounding SMEs and light industrial buildings.

The Group partners with Furama City Centre Hotel. The site is located in the heart of vibrant Chinatown, with a rich culture and longstanding history. The front lit large format billboard is visible to vehicle and human traffic along the extremely busy Eu Tong Sen Street and New Bridge Road.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Targeting shoppers around the Orchard shopping belt, the Group continues to hold the exclusive advertising sales rights (for static and digital) to the walkway at Orchard Gateway. It forms part of the underpass that links directly to the Somerset MRT station and also to both sides of Orchard Road. Orchard Gateway is the one-and-only shopping mall that straddles both sides of Orchard Road and is linked by a glass tubular bridge and an underpass — forming a “gateway” to the bustling shopping belt in Singapore.

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

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

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

The performance of the Group’s advertising and media business continued to be severely affected by the COVID-19 pandemic; most recently in particularly due to the ongoing “default Work-from-Home” which were re-imposed in Singapore with effect from 16 May 2021 in order to minimize the risk of community spread. Social interactions and activities that involve large gatherings are also calibrated to minimize the risk of transmission.

In Hong Kong, business is slowly picking up as new infection cases further declined; however, it also depends on whether there will be spikes in new infection cases or massive outbreaks in Hong Kong in the coming months. The Group’s performance is only expected to improve in the latter part of the year provided that social distancing/gathering restriction will be lifted gradually in both Singapore and Hong Kong as the governments in both markets accelerates the vaccination programme.

Film Development, Production and Distribution

In August 2015, the Group completed the acquisition of Ricco Media Investments Limited (“RMI”) which indirectly held 75% equity interest in Stan Lee Global Entertainment, LLC (“SLGE”). SLGE was engaged in the business of film development, production and distribution and owned intellectual property rights in three films in the script development phase, namely Realm, The Annihilator and Replicator & Antilight. Since completion of acquisition of the rights in these films, the Group has been actively seeking collaborating partners among studios in Hollywood and/or China to co-finance the funding necessary for the production of the films. As at the end of the Reporting Period, the Group has not yet entered into any formal agreement in relation to the production of these films. As disclosed in previous publications, full impairment loss had been made to for the intellectual property rights in this segment. The Company will continue to explore the potential value attributing to the film business and will keep on trying to identify potential investors to the development of the films as well as continuously review the business strategy of this segment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW AND HIGHLIGHTS

	Six months ended 30 June		% Change
	2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited)	
Revenue	26,644,274	26,238,516	1.5%
Gross profit	17,703,145	17,588,806	0.7%
EBITDA ^(Note)	491,046	370,835	N/A
Net loss	(5,441,189)	(14,829,295)	N/A

Note: EBITDA represents profit/(loss) before finance costs, income tax, depreciation of property, plant and equipment and right-of-use assets, gain on termination of lease contracts, fair value gain/(loss) on equity investment at fair value through profit or loss and the total comprehensive loss for the period attributable to non-controlling interests. While EBITDA is commonly used as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with Hong Kong Financial Reporting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.

The Group's revenue for the six months ended 30 June 2021 was approximately HK\$26.6 million, representing an increase of approximately 1.5% over the corresponding period of the previous year. The increase in the Group's revenue is mainly due to the improved business sentiment in Hong Kong in particular in the second quarter of 2021 as compared to last year. However, the uncertainty associated with the pandemic is still high. The Group's revenue from the advertising and media services business in Singapore is recently affected by the "default Work-from-Home" measurement in May 2021 that its business operation temporarily halted again in order to comply with the preventive measures introduced by the government of Singapore. As for the Group's financial services business, the revenue was maintained at approximately HK\$6.6 million (six months ended 30 June 2020: HK\$6.7 million).

The Group's gross profit for the six months ended 30 June 2021 was approximately HK\$17.7 million and the Group's gross profit margin was maintained at approximately 66% (six months ended 30 June 2020: 67%).

The Group's administrative expenses for the six months ended 30 June 2021 was approximately HK\$22.9 million, representing a decrease of approximately 24% over the corresponding period of the previous year. The decrease in the Group's administrative expenses is primarily due to the reduction in operating expenses especially in staff costs from approximately HK\$20 million for the previous interim period to approximately HK\$13 million for the Reporting Period. During the Reporting Period, the Company's administrative expenses included some rights issue and share placing related expenses amounted to approximately HK\$2 million.

Cost control in the administrative expenses of the Group resulted in improvement in the following areas during the Reporting Period: the Group's EBITDA, loss per share and loss attributable to shareholders.

The Group's EBITDA amounted to approximately HK\$0.5 million for the six months ended 30 June 2021 as compared to the Group's EBITDA amounted to approximately HK\$0.4 million for the corresponding period of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Loss per share for the six months ended 30 June 2021 was approximately HK cents 10.21 as compared to a loss per share of HK cents 25.79 for the corresponding period of the previous year. Please refer to note 8 to the Unaudited Condensed Consolidated Interim Financial Information for details.

The Group recorded a loss attributable to owners of the parent of approximately HK\$5.9 million for the six months ended 30 June 2021 as compared to a loss attributable to owners of the parent of approximately HK\$14.8 million for the corresponding period of the previous year. Please refer to notes 5 and 8 to the Unaudited Condensed Consolidated Interim Financial Information for details.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group financed its daily operations from internally generated resources. As at 30 June 2021, the Group had net current assets of approximately HK\$172 million (31 December 2020: HK\$177 million) and cash and cash equivalents of approximately HK\$80 million (31 December 2020: HK\$83 million).

GEARING RATIO

The gearing ratio of the Group, calculated as total debt over total capital, was approximately 1.6% as at 30 June 2021 (31 December 2020: 1.6%).

FOREIGN EXCHANGE

For the six months ended 30 June 2021, the Group was exposed to foreign currency risk with respect to its operations in Singapore where most of the business transactions, assets and liabilities were denominated in Singapore dollars. The Group will monitor its foreign currency exposure closely. During the period under review, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

CAPITAL STRUCTURE

The shares of the Company have been listed on GEM of the Stock Exchange on 28 July 2011. The capital of the Company comprises ordinary shares and capital reserves. As at 30 June 2021, the authorised share capital of the Company was HK\$500,000,000 divided into 50,000,000,000 ordinary shares of HK\$0.01 each ("Shares(s)"), of which 57,354,612 Shares were in issue. On 27 January 2021, the Company proposed a rights issue on the basis of four rights shares for every one share held by the shareholders of the Company at the subscription price of HK\$0.142 per rights share. The proposed rights issue was not approved by the shareholders of the Company at the extraordinary general meeting on 22 March 2021. On 30 April 2021, the Company entered into a placing agreement with Chaoshang Securities Limited for the share placement of 11,448,000 shares under general mandate. As the terms and conditions of the placing agreement were not fulfilled, the share placement was lapsed on 14 May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DIVIDEND

The board of directors of the Company (the “Board”) does not recommend the payment of any dividend for the six months ended 30 June 2021 (six month ended 30 June 2020: Nil).

INFORMATION ON EMPLOYEES

As at 30 June 2021, the Group had 59 employees (31 December 2020: 73 employees), including the executive directors. Total staff costs of the Group (including directors’ emoluments) for the six months ended 30 June 2021 were approximately HK\$13 million (six months ended 30 June 2020: HK\$20 million). Remuneration is determined with reference to market norms and individual employee’s performance, qualification and experience.

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

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries, joint ventures and an associate, the Group held approximately HK\$0.7 million listed investments as at 30 June 2021 (31 December 2020: HK\$0.7 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND FUTURE PLANS FOR MATERIAL INVESTMENTS

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

CHARGES OF ASSETS

As at 30 June 2021, the Group did not have any charges on its assets (31 December 2020: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Board is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2021 together with comparative unaudited figures for the corresponding period ended 30 June 2020, as follows:

	Note	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited)	2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited)
REVENUE	3	15,389,001	10,470,045	26,644,274	26,238,516
Cost of services		(4,759,799)	(2,602,299)	(8,941,129)	(8,649,710)
GROSS PROFIT		10,629,202	7,867,746	17,703,145	17,588,806
Other income		396,014	2,935,455	767,408	3,479,847
Other gains and losses		272,800	(343,686)	323,600	(4,462,086)
Administrative expenses		(10,774,655)	(15,256,302)	(22,853,094)	(30,057,062)
Finance costs	4	(266,664)	(287,901)	(560,537)	(589,800)
(LOSS)/PROFIT BEFORE TAX	5	256,697	(5,084,688)	(4,619,478)	(14,040,295)
Income tax expenses	6	(578,121)	(542,000)	(821,711)	(789,000)
LOSS FOR THE PERIOD		(321,424)	(5,626,688)	(5,441,189)	(14,829,295)
OTHER COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD:					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		7,093	353,905	(56,662)	(825,249)
OTHER COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD, NET OF TAX		7,093	353,905	(56,662)	(825,249)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD		(314,331)	(5,272,783)	(5,497,851)	(15,654,544)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited)	2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited)
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the parent		(557,662)	(5,775,547)	(5,854,365)	(14,789,652)
Non-controlling interests		236,238	148,859	413,176	(39,643)
		(321,424)	(5,626,688)	(5,441,189)	(14,829,295)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the parent		(550,462)	(5,422,083)	(5,910,946)	(15,615,738)
Non-controlling interests		236,131	149,300	413,095	(38,806)
		(314,331)	(5,272,783)	(5,497,851)	(15,654,544)
LOSS PER SHARE					
Basic and diluted (HK cents)	8	(0.97)	(10.07)	(10.21)	(25.79)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	30 June 2021 HK\$ (unaudited)	31 December 2020 HK\$ (audited)
Non-current assets			
Property, plant and equipment	9	2,685,403	3,037,986
Right-of-use assets	10	21,274,384	25,551,466
Deposits	11	1,264,851	1,671,306
Pledged bank deposits		–	364,233
Goodwill		2,795,223	2,780,482
		28,019,861	33,405,473
Current assets			
Margin loan receivables	12	110,977,681	114,514,399
Trade and other receivables	11	29,827,230	13,649,953
Pledged bank deposits		358,639	–
Equity investments at fair value through profit or loss		686,400	686,400
Cash held on behalf of brokerage clients		15,843,974	5,640,062
Cash and cash equivalents		80,287,079	83,173,600
		237,981,003	217,664,414
Current liabilities			
Trade and other payables	13	27,881,921	19,365,711
Accounts payable to brokerage clients		25,333,868	5,640,062
Lease liabilities		10,283,856	11,915,045
Contract liabilities		1,283,932	3,527,080
Income tax payable		968,200	134,779
		65,751,777	40,582,677
Net current assets		172,229,226	177,081,737
Total assets less current liabilities		200,249,087	210,487,210

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2021

	Note	30 June 2021 HK\$ (unaudited)	31 December 2020 HK\$ (audited)
Non-current liabilities			
Lease liabilities		20,750,362	25,490,634
		20,750,362	25,490,634
NET ASSETS			
Capital and reserves			
Share capital	14	573,546	573,546
Reserves		161,417,528	167,328,474
Shareholders' equity		161,991,074	167,902,020
Non-controlling interests		17,507,651	17,094,556
TOTAL EQUITY		179,498,725	184,996,576

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the parent						Total HK\$	Non- controlling interests HK\$	Total equity HK\$
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Share option reserve HK\$	Accumulated losses HK\$			
At 31 December 2019 and 1 January 2020 (audited)	114,709,224	552,932,232	(176,467,450)	(1,275,243)	2,020,536	(265,897,970)	226,021,329	18,208,553	244,229,882
Loss for the period	-	-	-	-	-	(14,789,652)	(14,789,652)	(39,643)	(14,829,295)
Other comprehensive (expenses)/ income for the period:									
Exchange difference arising on translating of foreign operations	-	-	-	(826,085)	-	-	(826,085)	836	(825,249)
Total comprehensive expenses for the period	-	-	-	(826,085)	-	(14,789,652)	(15,615,737)	(38,807)	(15,654,544)
At 30 June 2020 (unaudited)	114,709,224	552,932,232	(176,467,450)	(2,101,328)	2,020,536	(280,687,622)	210,405,592	18,169,746	228,575,338
At 31 December 2020 and 1 January 2021 (audited)	573,546	552,932,232	(176,467,450)	(1,311,905)	2,020,536	(209,844,939)	167,902,020	17,094,556	184,996,576
(Loss)/Profit for the period	-	-	-	-	-	(5,854,365)	(5,854,365)	413,176	(5,441,189)
Other comprehensive (expense)/ income for the period:									
Exchange difference arising on translating of foreign operations	-	-	-	(56,581)	-	-	(56,581)	(81)	(56,662)
Total comprehensive (expenses)/ income for the period	-	-	-	(56,581)	-	(5,854,365)	(5,910,946)	413,095	(5,497,851)
At 30 June 2021 (unaudited)	573,546	552,932,232	(176,467,450)	(1,368,486)	2,020,536	(215,699,304)	161,991,074	17,507,651	179,498,725

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash generated from operating activities	1,654,801	6,622,221
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(366,077)	(3,099,333)
Proceeds from sale of property, plant and equipment	222,000	–
Acquisition of subsidiaries	22,686	–
Interest received	19	99,059
Net cash used in investing activities	(121,372)	(3,000,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(4,363,287)	(7,926,206)
Interest paid	(1)	–
Net cash used in financing activities	(4,363,288)	(7,926,206)
Net decrease in cash and cash equivalents	(2,829,859)	(4,304,259)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	83,173,600	60,901,172
Effect of foreign exchange rate changes	(56,662)	(825,249)
CASH AND CASH EQUIVALENTS AT 30 JUNE	80,287,079	55,771,664
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	80,645,718	56,117,250
Less: Pledged bank deposits	(358,639)	(345,586)
Cash and cash equivalents as stated in the statement of cash flows	80,287,079	55,771,664

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying notes.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries are (i) financial services including securities dealings and brokerage services and margin financing services, (ii) provision of advertising and media services and (iii) retail of skin care products (ceased business during the year ended 31 December 2019).

The Company’s share are listed on GEM of the Stock Exchange.

These unaudited condensed consolidated interim financial information have been reviewed by the audit committee of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with the Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on GEM on the Stock Exchange (the “GEM Listing Rules”) and the Hong Kong Companies Ordinance.

These unaudited condensed consolidated interim financial information should be read in conjunction with the annual report of the Group for the year ended 31 December 2020.

These unaudited condensed consolidated interim financial information are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

Changes in accounting policy and disclosures

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

Amendments to HKFRS 16
Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Covid-19-related Rent Concessions beyond 30 June 2021
Interest Rate Benchmark Reform – Phase 2

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

Changes in accounting policy and disclosures (Continued)

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendment to HKFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concession occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

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

The application of the amendment had no impact to the opening retained profits at 1 January 2021. During the interim period, the Group recognised the COVID-19-related rent concessions amounted to HK\$2,496,107 in the profit or loss. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK\$2,496,107, which has been recognised as variable lease payments in profit or loss for the current period.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”). The amendments do not have an impact on this interim financial information as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

3. REVENUE AND SEGMENT INFORMATION

An analysis of revenue for the six months ended 30 June 2021 and 2020 is as follows:

	Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Revenue from contracts with customers	21,651,927	19,607,835
Revenue from other sources	4,992,347	6,630,681
	26,644,274	26,238,516

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregated of revenue from contracts with customers by major goods or service lines, geographical location of customers and the timing of revenue recognition for the six months ended 30 June 2021 and 2020 is as follows:

for the six months ended 30 June	Advertising and media		Financial services		Total	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Types of goods or services						
Advertising and media services:						
– direct sales channel	10,299,087	9,941,286	–	–	10,299,087	9,941,286
– agency sales channel	9,777,727	9,560,313	–	–	9,777,727	9,560,313
Commission and fee income on securities dealing and broking	–	–	1,555,947	106,236	1,555,947	106,236
Sub-underwriting fee income	–	–	19,166	–	19,166	–
Total revenue from contracts with customers	20,076,814	19,501,599	1,575,113	106,236	21,651,927	19,607,835
Geographical markets						
Hong Kong	10,602,524	9,806,063	1,575,113	106,236	12,177,637	9,912,299
Singapore	9,474,290	9,695,536	–	–	9,474,290	9,695,536
Total revenue from contracts with customers	20,076,814	19,501,599	1,575,113	106,236	21,651,927	19,607,835
Timing of revenue recognition						
At a point of time	–	–	1,575,113	106,236	1,575,113	106,236
Over time	20,076,814	19,501,599	–	–	20,076,814	19,501,599
Total revenue from contracts with customers	20,076,814	19,501,599	1,575,113	106,236	21,651,927	19,607,835

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

The CODM regularly reviews revenue and results analysis of the Group's operating segments. During the year ended 31 December 2020, the presentation of the Group's operating segments are revised as the CODM considers that the operating segments could provide better summary to them in review the Group's operating performance and making decision in resources allocation.

During the year ended 31 December 2020, the Group's business segments in relation to the "Advertising and media" and the "film development, production and distribution" which were presented as separate operating segments in the prior years are considered as a single operating segment by the CODM. Accordingly, the information of these operations has been aggregated into a single operating segment which is reported as "Advertising and media" for segment reporting.

Following the revision of the Group's business segments in last year ended, the Group had the following operating segments during the period ended 30 June 2021 and the comparative figures of the reportable segments have been restated and adjusted appropriately for the purpose of presenting segment information.

- Advertising and media
- Financial services, mainly include securities dealings and brokerage business and margin financing business
- Retail of skin care products (ceased business during the year ended 31 December 2019)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that other income, other gains and losses, reversal of (impairment losses), finance costs, as well as head office and corporate expenses are excluded from such measurement.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2021 and as at 30 June 2021 is as follows:

	Advertising and media HK\$ (Unaudited)	Retail of skin care products HK\$ (Unaudited)	Financial services HK\$ (Unaudited)	Unallocated HK\$ (Unaudited)	Total HK\$ (Unaudited)
for the six months ended 30 June 2021					
Segment revenue	20,076,814	–	6,567,460	–	26,644,274
Segment results	(2,202,117)	(17,536)	2,440,090	–	220,437
Other segment information:					
Depreciation of property, plant and equipment	(656,186)	–	(18,318)	(32,279)	(706,783)
Depreciation of right-of-use assets	(3,761,645)	–	(494,735)	–	(4,256,380)
Capital expenditure	(366,077)	–	–	–	(366,077)
as at 30 June 2021					
Segment assets	42,881,269	60,357	221,490,463	–	264,432,089
Corporate and other unallocated assets					1,568,775
Total assets					266,000,864
Segment liabilities	46,834,941	109	37,013,402	–	83,848,452
Corporate and other unallocated liabilities					2,653,687
Total liabilities					86,502,139

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2020 and as at 31 December 2020 is as follows:

	Advertising and media HK\$ (Unaudited)	Retail of skin care products HK\$ (Unaudited)	Financial services HK\$ (Unaudited)	Unallocated HK\$ (Unaudited)	Total HK\$ (Unaudited)
for the six months ended 30 June 2020					
Segment revenue	19,501,599	–	6,736,917	–	26,238,516
Segment results	(7,154,994)	(33,160)	1,682,400	–	(5,505,754)
Other segment information:					
Depreciation of property, plant and equipment	(1,206,731)	(23,015)	(106,576)	(256,574)	(1,592,896)
Depreciation of right-of-use assets	(5,716,225)	–	(560,010)	(1,450,470)	(7,726,705)
Gain on termination of lease contract	68,154	–	–	–	68,154
Capital expenditure	(3,086,122)	–	(13,211)	–	(3,099,333)
as at 31 December 2020					
Segment assets	51,060,207	272,284	197,034,456	–	248,366,947
Corporate and other unallocated assets					2,702,940
Total assets					251,069,887
Segment liabilities	53,390,938	110	9,431,847	–	62,822,895
Corporate and other unallocated liabilities					3,250,416
Total liabilities					66,073,311

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Segment results	220,437	(5,505,754)
Other income	767,408	3,479,847
Other gains and losses	323,600	(4,462,086)
Finance costs	(560,537)	(589,800)
Unallocated head office and corporate expenses	(5,370,386)	(6,962,502)
Loss before tax	(4,619,478)	(14,040,295)

Geographical Information

(a) Revenue from external customers

	Six months ended 30 June					
	2021			2020		
	Segment revenue HK\$ (unaudited)	Intersegment sales HK\$ (unaudited)	Revenue from external customers HK\$ (unaudited)	Segment revenue HK\$ (unaudited)	Intersegment sales HK\$ (unaudited)	Revenue from external customers HK\$ (unaudited)
Hong Kong	18,540,864	(1,370,880)	17,169,984	16,869,694	(326,714)	16,542,980
Singapore	10,034,560	(560,270)	9,474,290	9,860,002	(164,466)	9,695,536
	28,575,424	(1,931,150)	26,644,274	26,729,696	(491,180)	26,238,516

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

(b) Non-current assets

	30 June 2021 HK\$ (unaudited)	31 December 2020 HK\$ (audited)
Hong Kong	26,057,802	30,507,290
Singapore	1,962,059	2,898,183
	28,019,861	33,405,473

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Interest on lease liabilities	560,536	589,800
Interest on bank and other borrowings	1	–
	560,537	589,800

5. LOSS BEFORE TAX

The Group's loss before tax was arrived at after charging/(crediting):

	Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Cost of services*	8,941,129	8,649,710
Depreciation of right-of-use assets	4,256,380	7,726,705
Depreciation of property, plant and equipment	738,435	1,592,896
Employee benefit expenses (excluding directors' remuneration):		
– Salaries, wages and allowance	11,130,118	16,472,184
– Pension scheme contribution	799,912	1,068,866
Legal and professional fee	1,481,816	277,110
Government Grants	(633,270)	(2,852,586)
Fair value loss on equity investment at fair value through profit or loss	–	4,530,240

* COVID-19-related rent concessions of HK\$2,394,507 for the billboard spaces of the Group were deducted from cost of services during the six months ended 30 June 2021.

6. INCOME TAX EXPENSES

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective rate of 16.5% (2020: 16.5%) to the six months ended 30 June 2021, except for one subsidiary of the Group which is qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. INCOME TAX EXPENSES (Continued)

	Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Current tax – Hong Kong Profits Tax	821,711	789,000

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

8. LOSS PER SHARE

(a) Basic

The calculation of basic losses per share is based on the loss attributable to owners of the parent of HK\$5,854,365 (six months ended 30 June 2020: loss of HK\$14,789,652) and the weighted average of 57,354,612 ordinary shares (six months ended 30 June 2020: 57,354,612 shares) in issue during the interim period.

(b) Diluted

No diluted loss per share has been presented as there was no dilutive ordinary shares outstanding during the six months ended 30 June 2021 and 2020.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group incurred expenditures on additions to property, plant and equipment with total cost of approximately HK\$366,000 (six months ended 30 June 2020: HK\$3,099,000). Items of property, plant and equipment with zero net book value was disposed of during the interim period (six months ended 30 June 2020: Nil), resulting in a gain on disposal of HK\$222,000 (six months ended 30 June 2020: Nil).

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, no new or renewed lease contract for land and buildings and the use of outdoor billboard spaces is entered and therefore no additions to right-of-use assets is recognised (six months ended 30 June 2020: additions to right-of-use assets of approximately HK\$5,977,000). No contract for land and buildings and the use of outdoor billboard spaces is either terminated or expired during the interim period, thus no disposal of right-of-use assets is recognised (six months ended 30 June 2020: disposal of right-of-use assets with carrying amount of approximately HK\$3,756,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$ (unaudited)	31 December 2020 HK\$ (audited)
Trade receivables	26,215,518	9,658,534
Impairment	(103,853)	(104,708)
Trade receivables — net	26,111,665	9,553,826
Deposits, prepayments, other receivables and other assets	4,980,416	5,767,433
Total	31,092,081	15,321,259
Less: Non-current portion:		
Rental deposit	(559,851)	(966,306)
Deposit with Hong Kong Exchanges and Clearing Limited	(705,000)	(705,000)
Non-current portion	(1,264,851)	(1,671,306)
Current portion	29,827,230	13,649,953

The carrying amount of trade and other receivables approximate their fair values. The increase in trade and other receivable balances was mainly due to the securities trading settlement associated with the Group's securities brokerage business.

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

	30 June 2021 HK\$ (unaudited)	31 December 2020 HK\$ (audited)
Within 30 days	20,994,995	4,646,394
31–60 days	2,388,515	2,777,638
Over 60 days	2,728,155	2,129,794
	26,111,665	9,553,826

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. TRADE AND OTHER RECEIVABLES (Continued)

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

	30 June 2021 HK\$ (unaudited)	31 December 2020 HK\$ (audited)
At beginning of period/year	104,708	210,990
Reversal of impairment loss of trade receivables	–	(109,618)
Exchange realignment	(855)	3,336
At end of period/year	103,853	104,708

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

12. MARGIN LOAN RECEIVABLES

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

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

The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. As at 30 June 2021 the margin loan receivables was amounted to HK\$110,977,681 (31 December 2020: HK\$114,514,399) and was secured by securities pledged by the customers to the Group as collateral.

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

13. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$ (unaudited)	31 December 2020 HK\$ (audited)
Trade payables	10,060,299	1,701,431
Accruals	13,857,410	14,338,592
Licence fee payable	37,746	37,746
Other payables	1,807,306	1,671,942
Loan payable to a director	1,616,000	1,616,000
Deferred revenue	503,160	–
	27,881,921	19,365,711

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

13. TRADE AND OTHER PAYABLES (Continued)

The carrying amount of the trade and other payables approximate their fair values. The increase in trade and other payables balances was mainly due to the securities trading settlement associated with the Group's securities brokerage business.

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

	30 June 2021 HK\$ (unaudited)	31 December 2020 HK\$ (audited)
Within 30 days	9,908,558	1,701,431
31 to 60 days	151,741	–
	10,060,299	1,701,431

14. SHARE CAPITAL

	30 June 2021 HK\$ (unaudited)	31 December 2020 HK\$ (audited)
Authorised: 50,000,000,000 ordinary shares of HK\$0.01 each	500,000,000	500,000,000
Issued and fully paid: 57,354,612 ordinary shares of HK\$0.01 each	573,546	573,546

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

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

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
As at 30 June 2021 (unaudited)				
Equity investments at fair value through profit or loss	686,400	–	–	686,400
As at 31 December 2020 (audited)				
Equity investments at fair value through profit or loss	686,400	–	–	686,400

16. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

17. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the unaudited condensed consolidated interim financial information, the Group has the following material transactions with related parties during the period ended 30 June 2021:

- The Group has an outstanding principal amount of HK\$1,616,000 as at 30 June 2021 (31 December 2020: HK\$1,616,000) due to An Xilei, a director of the Company. The loan is interest-free since the extension of the maturity date for one year on 14 November 2020.
- Compensation of key management personnel of the Group

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Salaries, wages and allowance	1,175,363	1,401,721
Pension scheme contribution	9,000	11,500
	1,184,363	1,413,221

18. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved by the Board on 12 August 2021.



OTHER INFORMATION

SHARE OPTION SCHEMES

The Company adopted a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) and a share option scheme (the “Share Option Scheme”) on 26 March 2011. The Pre-IPO Share Option Scheme has a validity period of ten years commencing from the date of adoption and was expired on 26 March 2021. On expiry of the scheme period, no further options shall be granted but all options granted and accepted prior to such expiry shall continue to be valid and exercisable in accordance with the terms and conditions of the Pre-IPO Share Option Scheme. The Share Option Scheme has a validity period of ten years commencing from the date of adoption and was expired on 26 March 2021. On expiry of the scheme period, no further options shall be granted but options remaining outstanding after the end of the scheme period shall remain in full force and effect in accordance with the terms and conditions of the Share Option Scheme.

As at 1 January 2021, there were outstanding and unexercised options under the Pre-IPO Share Option Scheme which entitled holders thereof to subscribe for 25,688 shares of the Company at the exercise price of HK\$55.160 per share. During the six months ended 30 June 2021 (the “Period”), no options have been granted, exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme. As at 30 June 2021, the number of shares comprised in the outstanding and unexercised options under the Pre-IPO Share Option Scheme remained as 25,688 at the exercise price of HK\$55.160 per share. The 25,688 options lapsed and were cancelled on 27 July 2021. As a result, there were no outstanding options under the Pre-IPO Share Option Scheme as at the date of this report.

As at 1 January 2021, there were outstanding and unexercised options under the Share Option Scheme which entitled holders thereof to subscribe for 18,848 shares at the exercise price of HK\$55.540 per share. During the Period, no options have been granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 30 June 2021 and up to the date of this report, the number of shares comprised in the outstanding and unexercised options under the Share Option Scheme remained as 18,848 at the exercise price of HK\$55.540 per share.

During the Period, the Company has not adopted any new share option scheme.

OTHER INFORMATION (CONTINUED)

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

Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of share options				Outstanding at 30 June 2021	Market value per share immediately before the date of grant of option	Approximate % of the Company's total issued share capital as at 30 June 2021
					Outstanding at 1 January 2021	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period			
Directors											
Mr. Wong Hong Gay Patrick Jonathan	20 Dec 11	Note 1	20 Dec 11 – 19 Dec 21	HK\$55.540	4,281	-	-	-	4,281	HK\$0.72	0.01%
Mr. Chan Chi Keung Alan	20 Dec 11	Note 1	20 Dec 11 – 19 Dec 21	HK\$55.540	4,281	-	-	-	4,281	HK\$0.72	0.01%
Employees											
	20 Dec 11	Note 1	20 Dec 11 – 19 Dec 21	HK\$55.540	10,286	-	-	-	10,286	HK\$0.72	0.02%
	30 Jun 11	Note 2	28 Jul 11 – 27 Jul 21	HK\$55.160	25,688	-	-	-	25,688	NA	-
Total					44,536	-	-	-	44,536		

Notes:

- The options granted under Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:
 - 33% of the option shall vest after first twelve months after date of acceptance.
 - 33% of the option shall vest after twenty four months after date of acceptance.
 - 34% of the option shall vest after thirty six months after date of acceptance.
- The options granted under the Pre-IPO Share Option Scheme shall vest in the relevant option holders in tranches in the following manner:
 - 50% of the option shall vest on 28 January 2012.
 - 8% of the option shall vest on 28 February 2012.
 - 8% of the option shall vest on 28 March 2012.
 - 8% of the option shall vest on 28 April 2012.
 - 8% of the option shall vest on 28 May 2012.
 - 8% of the option shall vest on 28 June 2012.
 - 10% of the option shall vest on 28 July 2012.
- For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 57,354,612 shares in issue as at 30 June 2021.

OTHER INFORMATION (CONTINUED)

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

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

Save as disclosed below, as at 30 June 2021, no Directors or chief executive of the Company had or was deemed to have interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the required standard of dealings by the Directors:

Long positions in the ordinary shares of HK\$0.01 each in the Company (the "Shares"), underlying Shares and debentures of the Company

Name of Directors	Nature of interests	Number of Shares held	Number of underlying Shares held		Approximate % of shareholding in the Company	
			(Note 1)	Total	(Note 4)	
An Xilei	Interest of controlled corporation (Note 2)	17,000,000	–	17,000,000	29.64%	
Wong Hong Gay Patrick Jonathan	Interest of controlled corporation (Note 3)	3,453,990	–	3,453,990	6.02%	
	Beneficial owner	–	4,281	4,281	0.01%	
Chan Chi Keung Alan	Beneficial owner	–	4,281	4,281	0.01%	

Notes:

- Being personal interests attributable to interests in the share options granted by the Company pursuant to the Share Option Scheme adopted on 26 March 2011.
- These Shares are directly held by Profit Cosmo Group Limited ("PCG"), which is owned as to 40% by Mr. An Xilei ("Mr. An"). Mr. An is therefore deemed to be interested in these Shares by virtue of the SFO.
- These Shares are directly held by iMediaHouse Asia Limited ("iMHA"), which is owned as to approximately 67.09% by iMediaHouse.com Limited which is in turn wholly owned by Mr. Wong Hong Gay Patrick Jonathan ("Mr. Wong"). The remaining interest in iMHA is held by entities ultimately wholly owned by Mr. Wong. Mr. Wong is therefore deemed to be interested in these Shares by virtue of the SFO.
- For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 57,354,612 Shares in issue as at 30 June 2021.

OTHER INFORMATION (CONTINUED)

Save that (i) Mr. An is a director of PCG; and (ii) Mr. Wong is a director of iMHA and iMediaHouse.com Limited, as at 30 June 2021, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

Save as disclosed below, as at 30 June 2021, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies (other than a Director or a chief executive of the Company) had an interest or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long positions in the Shares and underlying Shares

Name of Shareholders	Nature of interests	Number of Shares held	Approximate % of shareholding in the Company (Note 3)
PCG (Note 1)	Beneficial owner	17,000,000	29.64%
Liu Yanhong (Note 1)	Interest of controlled corporation	17,000,000	29.64%
iMHA (Note 2)	Beneficial owner	3,453,990	6.02%
iMediaHouse.com Limited (Note 2)	Interest of controlled corporation	3,453,990	6.02%

Notes:

1. These Shares are directly held by PCG which is owned as to 60% by Mr. Liu Yanhong ("Mr. Liu"). Mr. Liu is therefore deemed to be interested in these Shares by virtue of the SFO. The remaining 40% interest in PCG is held by Mr. An, whose interests are disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above.
2. These Shares are directly held by iMHA which is owned as to approximately 67.09% by iMediaHouse.com Limited which is in turn wholly owned by Mr. Wong. The remaining interest in iMHA is held by entities ultimately wholly owned by Mr. Wong. iMediaHouse.com Limited and Mr. Wong are therefore deemed to be interested in these Shares by virtue of the SFO. Mr. Wong's interests are disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above.
3. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 57,354,612 Shares in issue as at 30 June 2021.

CHANGE IN DIRECTORS

Mr. Lee Chi Hwa Joshua (“Mr. Lee”) resigned as an independent non-executive Director, the chairman of each of the audit committee (the “Audit Committee”), the nomination committee (the “Nomination Committee”) and the remuneration committee (the “Remuneration Committee”) of the Company with effect from 9 July 2021. For further details, please refer to the Company’s announcement dated 9 July 2021 relating to Mr. Lee pursuant to Rules 17.50(2) (h) and 17.50A(2) of the GEM Listing Rules; his resignation as an independent non-executive Director, as well as the pertaining disclosure requirements pursuant to Rules 5.05, 5.28 and 5.34 of the GEM Listing Rules therefrom.

Mr. Wong Man Hong (“Mr. Wong”) was appointed as an independent non-executive Director, the chairman of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 16 July 2021 to fill up the casual vacancies caused by the resignation of Mr. Lee. Please refer to the announcement of the Company dated 16 July 2021 for further details.

Save as disclosed elsewhere in this report and the announcements as referred to above, there were no changes in information of Directors since the publication of the Company’s annual report 2020 required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

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

During the six months ended 30 June 2021, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company’s listed securities.

COMPETITION AND CONFLICT OF INTERESTS

During the six months ended 30 June 2021, none of the Directors or the substantial shareholders of the Company or any of their respective close associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors, having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the six months ended 30 June 2021.

OTHER INFORMATION (CONTINUED)

CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30 June 2021, the Company had complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules, except where otherwise stated.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the requirements of the GEM Listing Rules from time to time. The Audit Committee was delegated the authority and responsibility to review the Company's risk management and internal control systems and to make recommendations to the Board in such regard, in addition to its primary duties to make recommendations to the Board on the appointment and removal of external auditors; to review the financial statements and to provide material advice in respect of financial reporting. The Audit Committee currently comprises three independent non-executive Directors.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee together with the management of the Company, which is of the opinion that the interim financial information comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board
Cornerstone Financial Holdings Limited
Gao Ran
Chairman and Executive Director

Hong Kong, 12 August 2021

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



基石金融控股有限公司

CORNERSTONE FINANCIAL HOLDINGS LIMITED

