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(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8112)

PROFIT WARNING

This announcement is made by Cornerstone Financial Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**FY2022**”) and other information currently available to the Company, it is expected that the Group will record a net loss of approximately HK\$32.6 million for the FY2022 as compared to a net loss of approximately HK\$14.3 million for the preceding year.

Based on the information currently available, the expected increase in such loss is mainly attributed to, among others, net impact of the following factors: (i) a decrease in the consolidated gross profit of the Group amounting to approximately HK\$1.2 million for the FY 2022 as compared with the previous year; (ii) the provision for impairment loss of approximately HK\$7.9 million on margin loan receivables for the FY2022 under expected credit loss model; and (iii) an increase in administrative expenses of the Group amounting to approximately HK\$11.3 million for the FY2022, mainly attributable to travelling expenses, legal and professional service fees incurred to meet with business development needs of the Group.

The Company is still in the process of finalizing the results of the Group for the FY2022 (including but not limited to the relevant provisions on margin loans receivables). The information contained in this announcement is only based on the preliminary assessment by the Group's management on the unaudited consolidated management accounts of the Group for the FY2022, which has neither been reviewed by the audit committee nor the auditors of the Company and is subject to adjustments upon further review. Finalized annual results of the Group for the FY2022, which may be different from what is disclosed in this announcement, is expected to be published on 29 March 2023. Shareholders and potential investors are advised to read carefully the audited annual results by then.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 22 March 2023

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

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

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