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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8112)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Cornerstone Financial Holdings Limited (the “**Company**”) hereby announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2023. This announcement, containing the full text of the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results. The 2023 Interim Report will be published on the websites of the Company ([www.cs8112.com](http://www.cs8112.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), and the printed version will be despatched to the shareholders of the Company in due course in accordance with the relevant requirements of the GEM Listing Rules.

By Order of the Board

**CORNERSTONE FINANCIAL HOLDINGS LIMITED**

**Gao Ran**

*Chairman and Executive Director*

Hong Kong, 14 August 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](http://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](http://www.cs8112.com).*



# 基石金融控股有限公司

## CORNERSTONE FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 8112

# 2023

Interim Report  
中期報告

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

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

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# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND FUTURE PROSPECTS

During the period ended 30 June 2023 (the “Reporting Period”), Cornerstone Financial Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) were principally engaged in the businesses of financial services and advertising and media services. The advertising and media business remained the main contributor to the Group’s revenue while provision of financial services continued to generate regular revenue for the Group. During the Reporting Period, the Group recorded an overall revenue of approximately HK\$28 million and net loss of the Group of approximately HK\$12 million, as compared with corresponding figures of approximately HK\$24 million and HK\$17 million respectively in 2022 under COVID-19 environment. Revenue from the advertising and media business amounted to approximately HK\$24 million for the Reporting Period, an increase of approximately 24% over the corresponding period of last year. Revenue from the financial services business for the Reporting Period maintained at a similar level of the corresponding period of the previous year of approximately HK\$4 million.

The Group has been operating under difficult business environment in the past few years as a result of the prolonged epidemic situation since the outbreak of COVID-19 pandemic began in early 2020. Additionally the impact was elevated by other external challenges including rising interest rates and geopolitical tensions, which created significant fluctuation in the global capital market and imposed additional uncertainty to the world’s economies. The Group’s financial services business has been curbed as investment sentiment of investors was adversely impacted under the uncertain and fluctuated financial markets. However, the Group’s advertising and media business in both Hong Kong and Singapore markets have been picking up gradually in alignment with resuming to normality of the global economy after lifting of the epidemic prevention restrictions. The Group continues to implement its strategy to look into opportunities to expand its business. Going forward, the Group will continue to explore potential business opportunities, while continuing to maintain its current operations in various businesses. The Group will look for new investment opportunities in different industry sectors with growth potential for business diversification and corporate sustainability. The management will also review and monitor the latest development of the external environment and the business portfolio of the Group, and adjust its business strategies from time to time if required. The management remains cautiously optimistic about the prospects of the Group’s core businesses when the global economy makes headway in the post COVID-19 recovery. Details of the Group’s business review and prospects are as follows:

### Financial Services Business

The Group’s financial services activities are mainly conducted under the brand name of “Cornerstone” and consisted of Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). During the Reporting Period, the total revenue of the financial services business amounted to approximately HK\$4 million. Margin financing business was the key income stream for the Group’s financial services business and margin loan financing of approximately HK\$95 million was granted to margin account clients as at 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 regular revenue for the Group and the interest income from the margin financing business contributed approximately 98% of CSL’s revenue for the Reporting Period. Fundamentally, contribution from margin financing business is significant for a securities company. CSL believed that it is important to explore opportunities to expand among others, its margin financing business, as CSL has a potential client base of high-net-worth individuals in the People’s Republic of China (the “PRC”). Accordingly, the financial services segment with focus on the margin financing business has always been part of the Company’s business development plan. However, over the past COVID-19 period, with the recent situation of increasing global economic and political complexities and the volatile market environment have led to uncertainties in operational and financial conditions in general. The Hong Kong stock market has still experienced a weak market sentiment during the Reporting Period. The Group’s securities trading business has been affected under such market environment which presented various challenges for growth including, among others, the margin financing business. It is believed that operating environment for this business segment will remain challenging. To reduce negative environmental impact and maintain sustainable business development, the CSL management will continue to equip themselves with updated market information with an aim of expanding the scope of services and customer base. In light of the cross-border restrictions between Hong Kong and the PRC have been fully released in February 2023, the Company will maintain more communication with existing clients and explore business opportunities with potential clients.

### 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 2023	Six months ended 30 June 2022
Hong Kong	Office, Commercial and Residential Network	1,105	1,050
Singapore	Office and Commercial Network	494	496
Total number of Venues		1,599	1,546

As of 30 June 2023, the Group has deployed its branded flat-panel displays at 1,599 office, commercial and residential buildings in Hong Kong and Singapore under its digital OOH media network.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group in Hong Kong partnered exclusively with Hivestack, the world's leading independent programmatic digital out of home ad tech company, to bring the programmatic digital out of home ("pDOOH") advertising buying experience to the next level in Hong Kong. The Group anticipates pDOOH to be a promising growth area over the next few years.

In addition to the flat-panel displays, the Group's OOH large format media network in Hong Kong consists of seven sites of which six 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.

Under its OOH large format media network in Singapore, the Group maintained its current OOH sites as well as adding new ones making it a total twelve strategically located OOH sites.


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 is gradually picking up with Covid-19 restrictions being lifted in both Hong Kong and Singapore. The Group believes that advertisers' advertising spending will gradually pick up in 2023.

### FINANCIAL REVIEW

	Six months ended 30 June		% Change
	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)	
<b>Revenue</b>	<b>28,270,554</b>	23,726,173	19%
<b>Gross profit</b>	<b>18,870,604</b>	14,439,425	31%
<b>EBITDA</b> <small>(Note)</small>	<b>(9,416,199)</b>	(10,466,455)	N/A
<b>Net loss</b>	<b>(11,751,122)</b>	(16,736,640)	N/A

Note: EBITDA represents profit/(loss) before finance costs, income tax expense, depreciation of property, plant and equipment and right-of-use assets, fair value gain/(loss) on equity investments at fair value through profit or loss, and the profit/(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.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's revenue for the six months ended 30 June 2023 was approximately HK\$28.3 million (six months ended 30 June 2022: HK\$23.7 million), representing an increase of approximately 19% over the corresponding period of previous year. The Group's revenue from the advertising and media business increased by approximately 24% or HK\$4.6 million to HK\$24.0 million (six months ended 30 June 2022: HK\$19.4 million) as compared to the corresponding period of last year. The improvement in revenue from the advertising and media business was due to the lifting of the COVID-19 restrictions leading to the gradually recovery of the economic and social activities. As for the Group's financial services business, revenue from financial services was approximately HK\$4.2 million (six months ended 30 June 2022: HK\$4.3 million) for the six months ended 30 June 2023, representing a slight decrease of approximately 2% over the corresponding period of last year due to the weak market sentiment continuing in second quarter of 2023 that resulted in a reduction of trading activities of our clients.

The Group's gross profit for the six months ended 30 June 2023 was approximately HK\$18.9 million (six months ended 30 June 2022: HK\$14.4 million), representing an increase of approximately 31% over the corresponding period of previous year. The Group's gross profit margin increased approximately from 61% to 67% due to the rise in revenue from the advertising and media business during the Reporting Period.

The Group's administrative expenses for the six months ended 30 June 2023 was approximately HK\$36.5 million (six months ended 30 June 2022: HK\$30.3 million), representing an increase of approximately 20% or HK\$6.2 million over the corresponding period of previous year. The increase in administrative expenses was mainly due to the increase in marketing expenses, travelling expenses as well as professional service fees to cope with the recovery of business activities and business development needs.

The Group's negative EBITDA amounted to approximately HK\$9.4 million for the six months ended 30 June 2023 as compared to the Group's negative EBITDA amounted to approximately HK\$10.5 million for the corresponding period of previous year. The decrease in the Group's negative EBITDA is due to the increase of Group revenue during the Reporting Period.

Loss per share for the six months ended 30 June 2023 was approximately HK cents 5.06 as compared to a loss per share of HK cents 13.5 for the corresponding period of previous year.

The Group recorded a loss attributable to owners of the Company of approximately HK\$11.6 million for the six months ended 30 June 2023 as compared to a loss attributable to owners of the Company of approximately HK\$17.0 million for the corresponding period of previous year.

### **LIQUIDITY AND FINANCIAL RESOURCES**

During the Reporting Period, the Group financed its daily operations from internally generated resources. As at 30 June 2023, the Group had net current assets of approximately HK\$167 million (31 December 2022: HK\$180 million) and cash and cash equivalents of approximately HK\$97 million (31 December 2022: HK\$116 million).



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### GEARING RATIO

The gearing ratio of the Group, calculated as total debt over total capital, was approximately 1.7% as at 30 June 2023 (31 December 2022: 1.9%).

### FOREIGN EXCHANGE

For the six months ended 30 June 2023, 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 Reporting Period, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

### CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on 28 July 2011. The capital of the Company comprises ordinary shares and capital reserves. As at 30 June 2023, 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 (the "Share(s)"), and the issued share capital was HK\$2,294,184 divided into 229,418,448 Shares as fully paid.

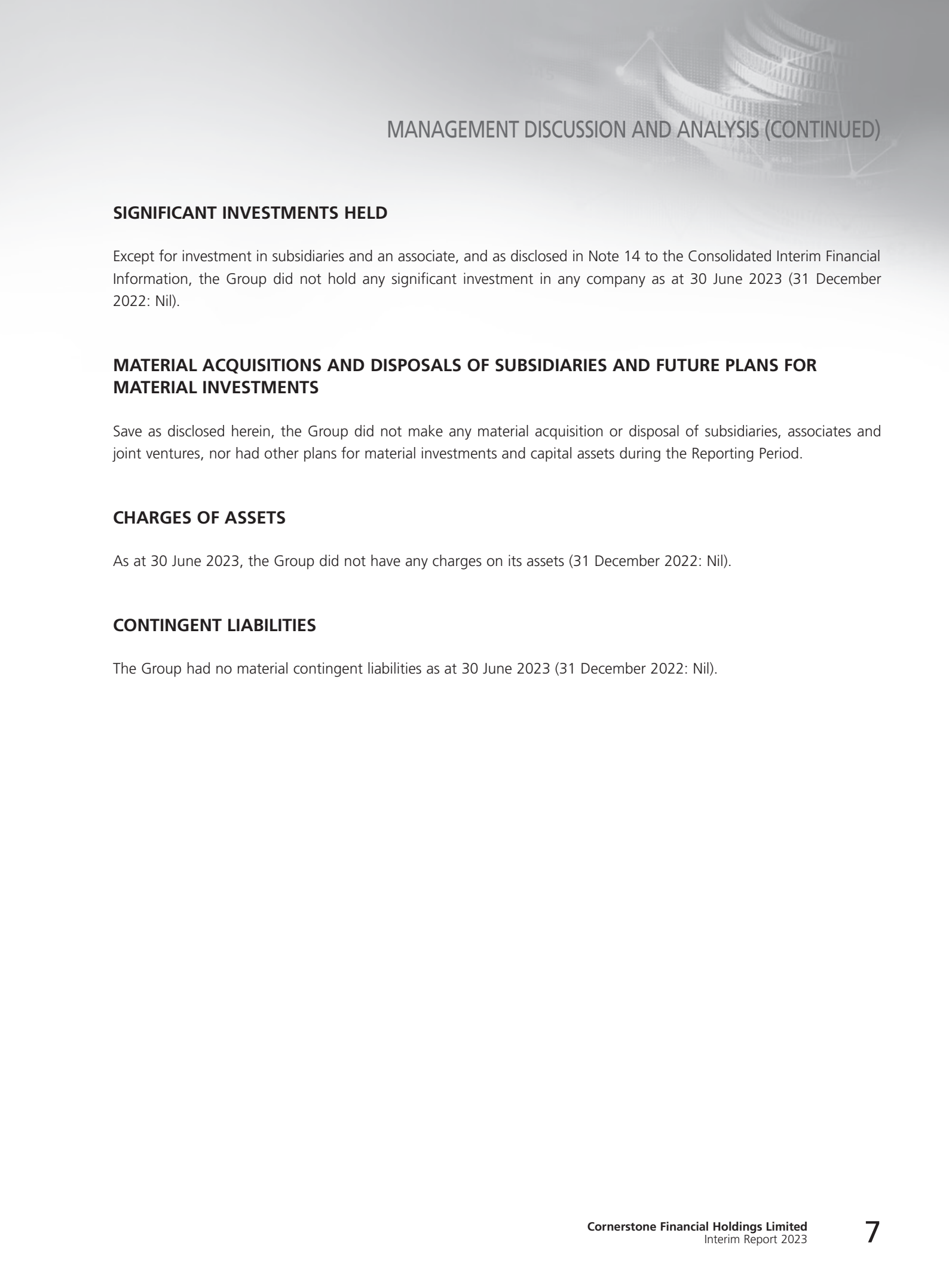
### DIVIDEND

The board of directors of the Company (the "Board") does not recommend the payment of any dividend for the six months ended 30 June 2023 (six month ended 30 June 2022: Nil).

### INFORMATION ON EMPLOYEES

As at 30 June 2023, the Group had 51 employees (31 December 2022: 50 employees), including the executive directors. Total staff costs of the Group (including directors' emoluments) for the six months ended 30 June 2023 were approximately HK\$14 million (six months ended 30 June 2022: HK\$15 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.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### **SIGNIFICANT INVESTMENTS HELD**

Except for investment in subsidiaries and an associate, and as disclosed in Note 14 to the Consolidated Interim Financial Information, the Group did not hold any significant investment in any company as at 30 June 2023 (31 December 2022: Nil).

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND FUTURE PLANS FOR MATERIAL INVESTMENTS**

Save as disclosed herein, the Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures, nor had other plans for material investments and capital assets during the Reporting Period.

### **CHARGES OF ASSETS**

As at 30 June 2023, the Group did not have any charges on its assets (31 December 2022: Nil).

### **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2023 together with comparative unaudited figures for the corresponding period ended 30 June 2022, as follows:

	Note	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
<b>REVENUE</b>	3	<b>14,217,520</b>	13,068,255	<b>28,270,554</b>	23,726,173
Cost of services		<b>(4,964,742)</b>	(5,398,928)	<b>(9,399,950)</b>	(9,286,748)
<b>GROSS PROFIT</b>		<b>9,252,778</b>	7,669,327	<b>18,870,604</b>	14,439,425
Other income		<b>1,404,419</b>	566,394	<b>2,196,029</b>	681,000
Other gains and losses		<b>(18,183)</b>	(219,648)	<b>5,213,480</b>	(305,448)
Administrative expenses		<b>(17,810,152)</b>	(17,331,534)	<b>(36,491,945)</b>	(30,336,154)
Finance costs	4	<b>(405,548)</b>	(355,237)	<b>(871,537)</b>	(699,681)
<b>LOSS BEFORE TAX</b>	5	<b>(7,576,686)</b>	(9,670,698)	<b>(11,083,369)</b>	(16,220,858)
Income tax expenses	6	<b>(539,480)</b>	(311,306)	<b>(667,753)</b>	(515,782)
<b>LOSS FOR THE PERIOD</b>		<b>(8,116,166)</b>	(9,982,004)	<b>(11,751,122)</b>	(16,736,640)
<b>OTHER COMPREHENSIVE (EXPENSE)/INCOME</b>					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		<b>(88,862)</b>	(53,252)	<b>(4,252)</b>	(26,979)
<b>OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX</b>		<b>(88,862)</b>	(53,252)	<b>(4,252)</b>	(26,979)
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>		<b>(8,205,028)</b>	(10,035,256)	<b>(11,755,374)</b>	(16,763,619)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
<b>(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Owners of the Company		<b>(8,119,849)</b>	(10,084,068)	<b>(11,619,710)</b>	(16,997,798)
Non-controlling interests		<b>3,683</b>	102,064	<b>(131,412)</b>	261,158
		<b>(8,116,166)</b>	(9,982,004)	<b>(11,751,122)</b>	(16,736,640)
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Owners of the Company		<b>(8,224,220)</b>	(10,136,851)	<b>(11,627,815)</b>	(17,024,041)
Non-controlling interests		<b>19,192</b>	101,595	<b>(127,559)</b>	260,422
		<b>(8,205,028)</b>	(10,035,256)	<b>(11,755,374)</b>	(16,763,619)
<b>LOSS PER SHARE</b>					
Basic and diluted (HK cents)	8	<b>(3.54)</b>	(5.25)	<b>(5.06)</b>	(13.50)

The above unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	30 June 2023 HK\$ (unaudited)	31 December 2022 HK\$ (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	714,360	1,000,806
Right-of-use assets	10	16,272,219	21,798,922
Deposits	11	2,384,312	2,429,359
Equity investments at fair value through profit or loss	14	6,500,000	6,500,000
Pledged bank deposits		359,263	361,125
Goodwill		2,780,482	2,780,482
		<b>29,010,636</b>	34,870,694
<b>Current assets</b>			
Margin loan receivables	12	77,589,499	77,703,592
Trade and other receivables	11	19,468,651	16,383,616
Tax recoverable		43,713	711,208
Equity investments at fair value through profit or loss	14	14,816,480	9,603,000
Cash held on behalf of brokerage clients		3,974,426	25,474,711
Cash and cash equivalents		96,601,375	116,310,449
		<b>212,494,144</b>	246,186,576
<b>Current liabilities</b>			
Trade and other payables	13	26,136,617	22,852,950
Accounts payable to brokerage clients		3,974,386	25,767,896
Lease liabilities		14,595,248	14,210,541
Contract liabilities		801,043	3,076,974
		<b>45,507,294</b>	65,908,361
<b>Net current assets</b>		<b>166,986,850</b>	180,278,215
<b>Total assets less current liabilities</b>		<b>195,997,486</b>	215,148,909

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2023

	Note	30 June 2023 HK\$ (unaudited)	31 December 2022 HK\$ (audited)
<b>Non-current liabilities</b>			
Lease liabilities		8,012,330	15,408,379
		<b>8,012,330</b>	15,408,379
<b>NET ASSETS</b>			
<b>Capital and reserves</b>			
Share capital	15	2,294,184	2,294,184
Reserves		168,101,826	179,729,641
Shareholders' equity		170,396,010	182,023,825
Non-controlling interests		17,589,146	17,716,705
<b>TOTAL EQUITY</b>		<b>187,985,156</b>	199,740,530

The above unaudited 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 2023

	Attributable to owners of the Company						Non-controlling interests HK\$	Total equity HK\$
	Share capital HK\$	Share premium HK\$	Capital reserve HK\$	Exchange reserve HK\$	Accumulated losses HK\$	Sub-total HK\$		
At 31 December 2021 and 1 January 2022 (audited)	573,546	552,932,232	(176,467,450)	(1,357,963)	(223,365,595)	152,314,770	18,334,062	170,648,832
(Loss)/Profit for the period	-	-	-	-	(16,997,798)	(16,997,798)	261,158	(16,736,640)
Other comprehensive (expense)/income for the period	-	-	-	-	-	-	-	-
Exchange difference arising on translating of foreign operations	-	-	-	(26,243)	-	(26,243)	(736)	(26,979)
<b>Total comprehensive (expense)/income for the period</b>	-	-	-	(26,243)	(16,997,798)	(17,024,041)	260,422	(16,763,619)
Transactions with owners								
Rights issue (Note):								
- Proceeds from Rights Issue	1,720,638	63,663,619	-	-	-	65,384,257	-	65,384,257
- Rights Issue expenses	-	(3,767,913)	-	-	-	(3,767,913)	-	(3,767,913)
<b>Total transactions with owners</b>	1,720,638	59,895,706	-	-	-	61,616,344	-	61,616,344
At 30 June 2022 (unaudited)	2,294,184	612,827,938	(176,467,450)	(1,384,206)	(240,363,393)	196,907,073	18,594,484	215,501,557
<b>At 31 December 2022 and 1 January 2023 (audited)</b>	<b>2,294,184</b>	<b>612,827,938</b>	<b>(176,467,450)</b>	<b>(1,279,537)</b>	<b>(255,351,310)</b>	<b>182,023,825</b>	<b>17,716,705</b>	<b>199,740,530</b>
Loss for the period	-	-	-	-	(11,619,710)	(11,619,710)	(131,412)	(11,751,122)
Other comprehensive (expense)/income for the period	-	-	-	-	-	-	-	-
Exchange difference arising on translating of foreign operations	-	-	-	(8,105)	-	(8,105)	3,853	(4,252)
<b>Total comprehensive expense for the period</b>	-	-	-	(8,105)	(11,619,710)	(11,627,815)	(127,559)	(11,755,374)
<b>At 30 June 2023 (unaudited)</b>	<b>2,294,184</b>	<b>612,827,938</b>	<b>(176,467,450)</b>	<b>(1,287,642)</b>	<b>(266,971,020)</b>	<b>170,396,010</b>	<b>17,589,146</b>	<b>187,985,156</b>

Note: On 26 April 2022, the Company completed the Rights Issue for three rights shares for every one existing share held by shareholders of the Company on the record date of 3 April 2022 at the subscription price of HK\$0.38 per rights share and a total of 172,063,836 rights shares of the Company were issued.

The above unaudited 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 2023

	Six months ended 30 June	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net cash used in operating activities</b>	<b>(13,497,778)</b>	(45,280,863)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(86,764)	(85,320)
Interest received	124,751	71
<b>Net cash generated from/(used in) investing activities</b>	<b>37,987</b>	(85,249)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(6,245,031)	(3,780,713)
Proceeds from Rights Issue	–	65,384,257
Right Issue expenses	–	(3,767,913)
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,245,031)</b>	57,835,631
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(19,704,822)</b>	12,469,519
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>116,310,449</b>	101,768,143
Effect of foreign exchange rate changes	(4,252)	(26,979)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>96,601,375</b>	114,210,683
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	96,960,638	114,561,241
Less: Pledged bank deposits	(359,263)	(350,558)
<b>Cash and cash equivalents as stated in the statement of cash flows</b>	<b>96,601,375</b>	114,210,683

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 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 in Hong Kong 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) provision of financial services including securities dealings and brokerage services and margin financing services, (ii) provision of advertising and media services, including film development, production and distribution and (iii) retail of skin care products (ceased business during the year ended 31 December 2019 and remains inactive subsequently).

The unaudited condensed consolidated interim financial information has 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 2023 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.

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual report of the Group for the year ended 31 December 2022.

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

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning 1 January 2023.

## 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

The adoption of the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period do not have material impact on the results and the financial position of the Group.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has not early applied any new and amended HKFRSs and interpretations that have been issued but are not yet effective for the current accounting period.

### 3. REVENUE AND SEGMENT INFORMATION

An analysis of revenue for the six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June 2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Revenue from contracts with customers	<b>24,113,209</b>	19,693,945
Revenue from other sources	<b>4,157,345</b>	4,032,228
	<b>28,270,554</b>	23,726,173

## 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 2023 and 2022 is as follows:

for the six months ended 30 June	Advertising and media services		Financial services		Total	
	2023	2022	2023	2022	2023	2022
	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)	HK\$ (unaudited)
<b>Types of goods or services</b>						
Advertising and media services:						
– direct sales channel	<b>11,589,918</b>	8,459,532	–	–	<b>11,589,918</b>	8,459,532
– agency sales channel	<b>12,434,203</b>	10,927,863	–	–	<b>12,434,203</b>	10,927,863
Commission and fee income on securities dealing and broking	–	–	<b>89,088</b>	306,550	<b>89,088</b>	306,550
Total revenue from contracts with customers	<b>24,024,121</b>	19,387,395	<b>89,088</b>	306,550	<b>24,113,209</b>	19,693,945
<b>Geographical markets</b>						
Hong Kong	<b>12,887,745</b>	9,844,447	<b>89,088</b>	306,550	<b>12,976,833</b>	10,150,997
Singapore	<b>11,136,376</b>	9,542,948	–	–	<b>11,136,376</b>	9,542,948
Total revenue from contracts with customers	<b>24,024,121</b>	19,387,395	<b>89,088</b>	306,550	<b>24,113,209</b>	19,693,945
<b>Timing of revenue recognition</b>						
At a point of time	–	–	<b>89,088</b>	306,550	<b>89,088</b>	306,550
Over time	<b>24,024,121</b>	19,387,395	–	–	<b>24,024,121</b>	19,387,395
Total revenue from contracts with customers	<b>24,024,121</b>	19,387,395	<b>89,088</b>	306,550	<b>24,113,209</b>	19,693,945

## 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.

Management regularly reviews the operating results from a perspective of different activities and assesses the performance of each operating segment. During the period ended 30 June 2023 and 2022, the Group had the following operating segments:

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

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The segment results are measured at Group’s loss before tax except that other income, other gains and losses, finance costs as well as head office and corporate expenses.

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

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment revenue and results

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2023 and as at 30 June 2023 is as follows:

	Advertising and media services HK\$ (unaudited)	Financial services HK\$ (unaudited)	Retail of skin care products HK\$ (unaudited)	Unallocated HK\$ (unaudited)	Total HK\$ (unaudited)
<b>for the six months ended 30 June 2023</b>					
<b>Segment revenue</b>	<b>24,024,121</b>	<b>4,246,433</b>	<b>–</b>	<b>–</b>	<b>28,270,554</b>
<b>Segment results</b>	<b>(194,140)</b>	<b>(811,195)</b>	<b>(13,714)</b>	<b>–</b>	<b>(1,019,049)</b>
Corporate and unallocated income					<b>7,409,509</b>
Corporate and unallocated expenses					<b>(17,473,829)</b>
<b>Loss before tax</b>					<b>(11,083,369)</b>
<b>Other segment information:</b>					
Depreciation of property, plant and equipment	<b>(361,178)</b>	<b>(12,505)</b>	<b>–</b>	<b>–</b>	<b>(373,683)</b>
Depreciation of right-of-use assets	<b>(3,625,328)</b>	<b>(444,663)</b>	<b>–</b>	<b>(1,434,027)</b>	<b>(5,504,018)</b>
Fair value gain on equity investments at fair value through profit or loss	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,213,480</b>	<b>5,213,480</b>
Capital expenditure	<b>(86,764)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(86,764)</b>
<b>as at 30 June 2023</b>					
<b>Segment assets</b>	<b>37,870,788</b>	<b>172,580,757</b>	<b>13,601</b>	<b>–</b>	<b>210,465,146</b>
Corporate and other unallocated assets					<b>31,039,634</b>
Total assets					<b>241,504,780</b>
<b>Segment liabilities</b>	<b>(37,603,587)</b>	<b>(5,473,379)</b>	<b>(109)</b>	<b>–</b>	<b>(43,077,075)</b>
Corporate and other unallocated liabilities					<b>(10,442,549)</b>
Total liabilities					<b>(53,519,624)</b>

## 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 2022 and as at 31 December 2022 is as follows:

	Advertising and media services HK\$ (Unaudited)	Financial services HK\$ (Unaudited)	Retail of skin care products HK\$ (Unaudited)	Unallocated HK\$ (Unaudited)	Total HK\$ (Unaudited)
for the six months ended 30 June 2022					
Segment revenue	19,387,395	4,338,778	–	–	23,726,173
Segment results	(4,167,607)	85,494	(13,947)	–	(4,096,060)
Corporate and unallocated income					681,000
Corporate and unallocated expenses					(12,805,798)
Loss before tax					(16,220,858)
Other segment information:					
Depreciation of property, plant and equipment	(465,789)	(14,342)	–	–	(480,131)
Depreciation of right-of-use assets	(3,519,244)	(493,333)	–	(517,724)	(4,530,301)
Fair value loss on equity investments at fair value through profit or loss	–	(305,448)	–	–	(305,448)
Capital expenditure	(52,191)	(33,129)	–	–	(85,320)
as at 31 December 2022					
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	42,982,809	212,141,044	18,088	–	255,141,941
Corporate and other unallocated assets					25,915,329
Total assets					281,057,270
Segment liabilities	(42,041,872)	(27,981,821)	(109)	–	(70,023,802)
Corporate and other unallocated liabilities					(11,292,938)
Total liabilities					(81,316,740)

## 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	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Segment results	<b>(1,019,049)</b>	(4,096,060)
Other income	<b>2,196,029</b>	681,000
Other gains and losses	<b>5,213,480</b>	(305,448)
Finance costs	<b>(871,537)</b>	(699,681)
Unallocated head office and corporate expenses	<b>(16,602,292)</b>	(11,800,669)
Loss before tax	<b>(11,083,369)</b>	(16,220,858)

### Geographical Information

#### (a) Revenue from external customers

	Six months ended 30 June					
	2023			2022		
	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	<b>17,134,178</b>	–	<b>17,134,178</b>	14,183,225	–	14,183,225
Singapore	<b>17,989,034</b>	<b>(6,852,658)</b>	<b>11,136,376</b>	9,542,948	–	9,542,948
	<b>35,123,212</b>	<b>(6,852,658)</b>	<b>28,270,554</b>	23,726,173	–	23,726,173

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

#### (b) Non-current assets

	30 June 2023 HK\$ (unaudited)	31 December 2022 HK\$ (audited)
Hong Kong	<b>20,356,859</b>	23,839,532
Singapore	<b>5,910,202</b>	8,240,678
	<b>26,267,061</b>	32,080,210

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

### 4. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Interest on lease liabilities	<b>871,537</b>	699,681
	<b>871,537</b>	699,681

### 5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Cost of services <sup>1,2</sup>	<b>9,399,950</b>	9,286,748
Depreciation of right-of-use assets <sup>1</sup>	<b>3,044,313</b>	2,179,488
Depreciation of property, plant and equipment	<b>373,683</b>	480,131
Employee benefit expenses (excluding directors' remuneration):		
– Salaries, wages and allowance	<b>11,166,952</b>	12,821,609
– Pension scheme contribution	<b>746,222</b>	713,732
Legal and professional fee	<b>11,627,999</b>	6,457,297
Government Grants	<b>(63,767)</b>	(664,705)
Fair value (gain)/loss on equity investments at fair value through profit or loss	<b>(5,213,480)</b>	305,448

Note

- 1 During the period ended 30 June 2023, depreciation of right-of-use assets in total of HK\$5,504,018 (six months ended 30 June 2022: HK\$4,530,301) is recognised in cost of services and administrative expenses accordingly. Out of which, HK\$2,459,705 (six months ended 30 June 2022: HK\$2,350,813) and HK\$3,044,313 (six months ended 30 June 2022: HK\$2,179,488) are included in cost of services and administrative expenses respectively.
- 2 COVID-19-related rent concessions of HK\$1,606,005 (six months ended 30 June 2022: HK\$3,132,176) for the billboard spaces of the Group were deducted from cost of services during the six months ended 30 June 2023.

### 6. INCOME TAX EXPENSES

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective rate of 16.5% (2022 16.5%) to the six months ended 30 June 2023, except for one subsidiary of the group which is qualifying corporation under the two-tiered Profits Tax rate regime.



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

### 6. INCOME TAX EXPENSES (Continued)

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 2022.

	Six months ended 30 June	
	2023 HK\$ (unaudited)	2022 HK\$ (unaudited)
Current tax - Hong Kong Profits Tax	667,753	515,782

### 7. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### 8. LOSS PER SHARE

#### (a) Basic

The calculation of basic losses per share is based on the loss attributable to owners of the company of HK\$11,619,710 (Six months ended 30 June 2022: loss of HK\$16,997,798) and the weighted average of 229,418,448 ordinary shares (Six months ended 30 June 2022: 125,894,958 shares<sup>Note</sup>) in issue during the interim period.

Note: On 26 April 2022, the Company completed the Rights Issue for three rights shares for every one existing share held by shareholders of the Company on the record date of 3 April 2022 at the subscription price of HK\$0.38 per rights share and a total of 172,063,836 rights shares of the Company were issued. Thus, the weighted average of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 June 2022 has been adjusted.

#### (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 2023 and 2022.

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

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the group incurred expenditures on additions to property, plant and equipment with total cost of HK\$86,764 (six months ended 30 June 2022: HK\$85,320). No items of property, plant and equipment is disposal of during both interim periods.

### 10. RIGHT-OF-USE ASSETS

No additions to (six months ended 30 June 2022: HK\$5,141,936) and disposal of (six months ended 30 June 2022: Nil) right-of-use assets is recognised during the six months ended 30 June 2023.

### 11. TRADE AND OTHER RECEIVABLES

	30 June 2023 HK\$ (unaudited)	31 December 2022 HK\$ (audited)
Trade receivables	<b>13,403,254</b>	12,312,459
Less: Allowance for credit losses	<b>(1,319,209)</b>	(1,323,984)
Trade receivables — net	<b>12,084,045</b>	10,988,475
Deposits, prepayments, other receivables and other assets	<b>9,768,918</b>	7,824,500
<b>Total</b>	<b>21,852,963</b>	18,812,975
Less: Non-current portion:		
Rental deposit	<b>(1,679,312)</b>	(1,724,359)
Deposit with Hong Kong Exchanges and Clearing Limited	<b>(705,000)</b>	(705,000)
Non-current portion	<b>(2,384,312)</b>	(2,429,359)
Current portion	<b>19,468,651</b>	16,383,616

The carrying amount of trade and other receivables approximate their fair values.

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

### 11. TRADE AND OTHER RECEIVABLES (Continued)

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

	30 June 2023 HK\$ (unaudited)	31 December 2022 HK\$ (audited)
Within 30 days	5,725,234	7,662,308
31–60 days	2,102,750	1,443,776
Over 60 days	4,256,061	1,882,391
	<b>12,084,045</b>	10,988,475

The movement in the allowance for credit loss of trade receivables is as follows:

	30 June 2023 HK\$ (unaudited)	31 December 2022 HK\$ (audited)
At beginning of period/year	1,323,984	167,723
Impairment loss of trade receivables, net	–	1,155,828
Exchange realignment	(4,775)	433
At end of period/year	<b>1,319,209</b>	1,323,984

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.

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

### 12. MARGIN LOAN RECEIVABLES (Continued)

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 2023, the margin loan receivables is amounted to HK\$94,845,493 (31 December 2022: HK\$94,959,585) and is 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 2023 HK\$ (unaudited)	31 December 2022 HK\$ (audited)
Trade payables	17,600	377,313
Accruals	15,368,731	14,921,138
Licence fee payable	37,746	37,746
Other payables	5,722,928	5,900,753
Loan and interest payable to directors	2,696,548	1,616,000
Deferred revenue	2,293,064	–
	<b>26,136,617</b>	22,852,950

The carrying amount of trade and other payables approximate their fair values.

Trade payables are non-interest bearing and normally settled from 60 to 90 days. As of the end of the reporting period, the ageing analysis of trade payables based on invoice date is as follows:

	30 June 2023 HK\$ (unaudited)	31 December 2022 HK\$ (audited)
Within 30 days	17,600	377,313

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

## 14 EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 HK\$ (unaudited)	31 December 2022 HK\$ (audited)
<b>Included in non-current assets</b>		
Unlisted equity securities (Note a)	6,500,000	6,500,000
<b>Included in current assets</b>		
Equity securities		
– listed on the London Stock Exchange (Note b)	14,816,480	9,603,000
– listed on the Hong Kong Stock Exchange (Note c)	–	–
	<b>21,316,480</b>	16,103,000

Note:

- (a) The Group's investment of unlisted equity securities represents 5% equity interest in a private company incorporated in BVI which holds a BioPharma project in the PRC. The fair value of the Group's unlisted equity securities is based on discounted cash flow model carried by an independent professional valuer.
- (b) The Group's investment of equity securities listed on the London Stock Exchange represents 16,500,000 ordinary shares of a London listed company which is principally engaging in technology innovations investments. The fair value of the Group's investment of equity securities listed on the London Stock Exchange is based on the bid-price quoted on the London Stock Exchange.
- (c) The Group's investment of equity securities listed on the Hong Kong Exchange represents 3,432,000 (31 December 2022: 3,432,000) ordinary shares of a Hong Kong listed company which is principally engaging in gaming and resort business.

The Group's investment of equity securities listed on the Hong Kong Stock Exchange has become non-publicly traded as trading of such shares has been suspended since April 2022. In view of the above circumstance, the directors of the Company consider that the fair value of these securities listed on the Hong Kong Stock Exchange is minimal during the reporting periods.

## 15 SHARE CAPITAL

The movement in authorised and issued share capital of the Company during the reporting period is as follows:

	Authorised shares		Issued shares	
	No. of shares	Total HK\$	No. of shares	Total HK\$
At 1 January 2022 (audited)				
(Ordinary share of HK\$0.01 each)	50,000,000,000	500,000,000	57,354,612	573,546
Issue of shares under rights issue (Note)	–	–	172,063,836	1,720,638
<b>At 31 December 2022 (audited), 1 January 2023 and 30 June 2023 (unaudited)</b>				
<b>(Ordinary share of HK\$0.01 each)</b>	<b>50,000,000,000</b>	<b>500,000,000</b>	<b>229,418,448</b>	<b>2,294,184</b>

Note: On 26 April 2022, the Company completed the Rights Issue for three rights shares for every one existing share held by shareholders of the Company on the record date of 3 April 2022 at the subscription price of HK\$0.38 per rights share and a total of 172,063,836 rights shares of the Company were issued.

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

### 16. 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 the bid-price quoted in an active market and the fair value of the unlisted equity investments has been arrived based on discounted cash flow model carried by an independent professional valuer.

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\$	
<b>As at 30 June 2023 (unaudited)</b>				
Equity investments at fair value through profit or loss	<b>14,816,480</b>	–	<b>6,500,000</b>	<b>21,316,480</b>
<b>As at 31 December 2022 (audited)</b>				
Equity investments at fair value through profit or loss	9,603,000	–	6,500,000	16,103,000

The Group did not have any significant financial liabilities measured at fair value as at 30 June 2023 (31 December 2022: Nil).

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

### 17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

### 18. 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 2023:

- (a) The Group has an outstanding principal amount of HK\$1,616,000 as at 30 June 2023 (31 December 2022: HK\$1,616,000) due to An Xilei, a director of the Company. The loan is unsecured, interest-free and repayable within one year.
- (b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
Salaries, wages and allowance	<b>2,043,000</b>	1,645,500
Pension scheme contribution	<b>18,000</b>	9,000
	<b>2,061,000</b>	1,654,500

### 19. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved by the Board on 14 August 2023.

## OTHER INFORMATION

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

As at 30 June 2023, the interests of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

#### **Long positions in the ordinary shares of HK\$0.01 each in the Company (the "Shares"), underlying Shares and debentures of the Company as at 30 June 2023**

Name of Directors	Nature of interests	Number of Shares held	Number of underlying Shares held	Total	Approximate % of shareholding in the Company (Note)
An Xilei	Beneficial owner	6,800,000	–	6,800,000	2.96%

Note: For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 229,418,448 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors nor the chief executives of the Company had any interests or short positions 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) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

### **SHARE OPTION SCHEME**

Since the expiration of the then share option schemes of the Company in March 2021, the Company has not adopted any new share option scheme. Further, all outstanding and unexercised options granted under the expired share option schemes lapsed and were cancelled in 2021 in accordance with the terms and conditions of the respective schemes. Accordingly, the Company had neither any share option scheme nor any outstanding share options as at 30 June 2023 and up to date of this report.

At no time during the Reporting 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.



## OTHER INFORMATION (CONTINUED)

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

As at 30 June 2023, so far as was known to the Directors, no other persons or companies (other than a Director or a chief executive of the Company) had interests of 5% or more in the shares or underlying shares and/or short positions in the shares or underlying shares of the Company which were recorded in the register of interest required to be kept by the Company under Section 336 of the SFO.

### **UPDATE OF DIRECTORS' INFORMATION**

Changes in information of Directors since the publication of the Company's annual report 2022 and up to date were as below pursuant to Rule 17.50A(1) of the GEM Listing Rules:

Mr. Wong Man Hong ("Mr. Wong"), an independent non-executive Director, was appointed to the following positions of Wah Sun Handbags International Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 2683) with effect from 27 June 2023: (i) the chief financial officer; (ii) the company secretary; (iii) an authorised representative for the purpose of the Rules Governing the Listing of Securities on the Stock Exchange; and (iv) the authorised representative for accepting service of process and notices in Hong Kong on behalf of the aforesaid company. The rest of Mr. Wong's profile as stated in the Company's annual report 2022 remains unchanged.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2023, 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 2023, none of the Directors or the substantial shareholders (if applicable) 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 2023.

## CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2023, the Company has complied with the code provisions (the “Code Provision(s)”) of the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix 15 to the GEM Listing Rules, except as stated otherwise below.

Pursuant to Code Provision D.1.2 of the CG Code, the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. During the Reporting Period, instead of monthly updates, the management has provided to the Board quarterly updates containing consolidated financial statements with summaries of key events and outlook of the Group for the pertaining period for review and discussion in the regular Board meetings concerned. In addition, the management will provide to the Board with updates in a timely manner if there are material events affecting the performance, position and prospects of the Company. Accordingly, it is considered that the purpose of providing regular updates on the Company’s performance, position and prospects can be achieved.

Pursuant to Code Provision D.2.5 of the CG Code, the Group should have an internal audit function. There is currently no internal audit function within the Group. However, the Group will engage independent external consulting firm to review the effectiveness of the risk management and internal control systems of the Group on an annual basis. Taking into account of its size, nature and complexity of its business operations, the Group considers that the current organisation structure and management could provide adequate risk management and internal control of the Group.

Pursuant to Code Provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Mr. Gao Ran, the chairman and an executive director of the Company, was unable to attend the annual general meeting of the Company held on 11 May 2023, which was chaired by Mr. Mock Wai Yin, an executive director of the Company, accordingly.

## OTHER INFORMATION (CONTINUED)

### AUDIT COMMITTEE

The Company established an audit committee (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 all three independent non-executive Directors.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2023 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, 14 August 2023

*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