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

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2019

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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive; there are no other matters the omission of which would make any statement herein or this announcement misleading.

UNAUDITED FIRST QUARTERLY RESULTS

The board of directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2019 together with comparative unaudited figures for the corresponding period ended 31 March 2018, as follows:

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

For the three months ended 31 March 2019

		Three months ended 31 March	
	Notes	2019 HK\$ (Unaudited)	2018 HK\$ (Unaudited)
REVENUE	3	24,678,895	20,426,115
Cost of sales		<u>(10,413,357)</u>	<u>(8,871,324)</u>
Gross profit		14,265,538	11,554,791
Other income and gains, net		2,116,925	274,503
Administrative expenses		(19,862,312)	(26,658,988)
Loss on disposal of a subsidiary		(1,351,277)	–
Finance costs		<u>(527,406)</u>	<u>–</u>
LOSS BEFORE TAX		(5,358,532)	(14,829,694)
Income tax expenses	4	<u>(237,000)</u>	<u>–</u>
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(5,595,532)	(14,829,694)
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION		<u>(188,640)</u>	<u>(193,723)</u>
LOSS FOR THE PERIOD		(5,784,172)	(15,023,417)
OTHER COMPREHENSIVE INCOME			
<i>Item that may be reclassified to profit or loss in subsequent period:</i>			
Exchange differences on translation of foreign operations		<u>173,094</u>	<u>480,186</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(5,611,078)</u>	<u>(14,543,231)</u>

		Three months ended	
		31 March	
		2019	2018
		HK\$	HK\$
Note		(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent			
	– from continuing operations	(5,771,478)	(14,985,780)
	– from discontinued operation	(132,048)	(135,606)
Non-controlling interests			
	– from continuing operations	175,946	156,086
	– from discontinued operation	<u>(56,592)</u>	<u>(58,117)</u>
		<u>(5,784,172)</u>	<u>(15,023,417)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME			
FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent			
	– from continuing operations	(5,598,294)	(14,505,288)
	– from discontinued operation	(132,048)	(135,606)
Non-controlling interests			
	– from continuing operations	175,856	155,780
	– from discontinued operation	<u>(56,592)</u>	<u>(58,117)</u>
		<u>(5,611,078)</u>	<u>(14,543,231)</u>
LOSS PER SHARE ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic		6	
	– For loss for the period	HK cents 0.51	HK cents 1.32
	– For loss from continuing operations	HK cents 0.50	HK cents 1.31

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange fluctuation reserve	Share option reserve	Accumulated losses		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 31 December 2017 and 1 January 2018 (audited)	114,709,224	552,932,232	(176,467,450)	(1,326,251)	2,020,536	(135,074,908)	356,793,383	417,722,196
Changes in equity for the three months ended 31 March 2018								
(Loss)/profit for the period	-	-	-	-	-	(15,121,386)	97,969	(15,023,417)
Other comprehensive income/(loss) for the period								
Exchange differences related to foreign operations	-	-	-	480,492	-	-	(306)	480,186
Total comprehensive income/(loss) for the period	-	-	-	480,492	-	(15,121,386)	97,663	(14,543,231)
Transactions with owners								
Capital contribution from non-controlling interests	-	-	-	-	-	-	64,277	64,277
Total transactions with owners for the period	-	-	-	-	-	-	64,277	64,277
At 31 March 2018 (unaudited)	114,709,224	552,932,232	(176,467,450)	(845,759)	2,020,536	(150,196,294)	61,090,753	403,243,242
At 31 December 2018 and 1 January 2019 (audited)	114,709,224	552,932,232	(176,467,450)	(1,512,963)	2,020,536	(247,790,206)	15,762,063	259,653,436
Effect of adoption of HKFRS 16	-	-	-	-	-	(337,883)	(4,571)	(342,454)
At 1 January 2019 (restated)	114,709,224	552,932,232	(176,467,450)	(1,512,963)	2,020,536	(248,128,089)	15,757,492	259,310,982
Changes in equity for the three months ended 31 March 2019								
(Loss)/profit for the period	-	-	-	-	-	(5,903,526)	119,354	(5,784,172)
Other comprehensive income/(loss) for the period								
Exchange differences related to foreign operations	-	-	-	173,184	-	-	(90)	173,094
Total comprehensive income/(loss) for the period	-	-	-	173,184	-	(5,903,526)	119,264	(5,611,078)
Transactions with owners								
Disposal of a subsidiary	-	-	-	-	-	-	1,598,836	1,598,836
Total transactions with owners for the period	-	-	-	-	-	-	1,598,836	1,598,836
At 31 March 2019 (unaudited)	114,709,224	552,932,232	(176,467,450)	(1,339,779)	2,020,536	(254,031,615)	17,475,592	255,298,740

NOTES TO THE FINANCIAL INFORMATION

For the three months ended 31 March 2019

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at Room 2703, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, 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, (iii) film development, production and distribution, (iv) retail of skin care products and (v) provision of early childhood education (disposed during the period).

The Company's shares are listed on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated first quarterly financial information for the three months ended 31 March 2019 (the "First Quarterly Financial Information") has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 the GEM of the Stock Exchange (the "GEM Listing Rules").

The First Quarterly Financial Information should be read in conjunction with the annual report of the Group for the year ended 31 December 2018.

The First Quarterly Financial Information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

Changes in accounting policy and disclosures

- (a) The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2019:

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except as described below for HKFRS 16, the adoption of above new and revised standards has had no significant financial effect on the unaudited condensed consolidated first quarterly financial information.

HKFRS 16 “Leases” replaced HKAS 17 and three related Interpretations.

Upon the adoption of HKFRS 16, at the commencement date of the lease, the lessee recognises a “lease liability” and a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee recognises interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses continue to be recognised on a systematic basis over the lease term.

HKFRS 16 primarily affect the Group’s accounting as a lessee of premises which are classified as operating leases in previous year. The application of the new accounting model leads to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease.

HKFRS 16 has been applied modified retrospective approach, with the cumulative effect of initial application recognised as an adjustment to the opening balances of accumulated losses and non-controlling interests as at 1 January 2019. Comparative information has not been restated. In addition, the Group elected the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. Furthermore, the Group has used the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

Upon the initial application of HKFRS 16, the Group measured the rights-of-use assets as if HKFRS 16 had always been applied by using the incremental borrowing rate at initial application date and the opening balances of lease liabilities and the corresponding right-of-use assets has been adjusted as at 1 January 2019.

The following table summarises the impact, net of tax, of transition to HKFRS 16 on the opening balance of accumulated losses and non-controlling interest:

	Impact of adopting HKFRS16 on opening balances HK\$
Accumulated losses	
Recognition of interest of lease liabilities and depreciation of right-of-use assets	337,883
Impact at 1 January 2019	337,883
Non-controlling interest	
Recognition of interest of lease liabilities and depreciation of right-of-use assets	4,571
Impact at 1 January 2019	4,571

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statements from 2019 onwards.

- (b) The following new and amended standards and interpretations have been published but are not yet effective for the period ended 31 March 2019 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	<i>Definition of a Business</i>	1 January 2020
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>	1 January 2020
HKFRS 17	<i>Insurance Contracts</i>	1 January 2021
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	No mandatory effective date yet determined but available for adoption

3 REVENUE AND SEGMENT INFORMATION

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 the following five operating segments:

- Advertising and media
- Retail of skin care products
- Film development, production and distribution
- Financial services, mainly include securities dealings and brokerage business and margin financing business
- Provision of early childhood education (disposed during the period)

Management assesses the performance of the operating segments based on a measure of gross profits.

The segment information provided to the CODM for the reportable segments for the three months ended 31 March 2019 and 2018 is as follows:

	Continuing operations				Discontinued operation
	Advertising and media	Retail of skin care products	Film development, production and distribution	Financial services	Provision of early childhood education
	HK\$	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
For the three months ended 31 March 2019					
Segment revenue	21,228,446	–	–	3,450,449	287,551
Segment results	10,815,089	–	–	3,450,449	279,813
For the three months ended 31 March 2018					
Segment revenue	15,036,025	1,660,407	–	3,729,683	573,865
Segment results	7,466,392	358,716	–	3,729,683	559,555

4 INCOME TAX EXPENSES

Hong Kong profits tax have been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits during the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

	Three months ended 31 March	
	2019	2018
	HK\$	HK\$
	(unaudited)	(unaudited)
Current – Hong Kong	<u>237,000</u>	<u>–</u>

5 DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

6 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

	Three months ended 31 March	
	2019	2018
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Losses:		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
– from continuing operations	(5,771,478)	(14,985,780)
– from discontinued operation	<u>(132,048)</u>	<u>(135,606)</u>
Loss attributable to ordinary equity holders of the parent	<u>(5,903,526)</u>	<u>(15,121,386)</u>

	Number of shares	
	Three months ended 31 March	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>1,147,092,240</u>	<u>1,147,092,240</u>

(b) Diluted

No diluted loss per share has been presented as there was no dilutive ordinary shares outstanding during the three months ended 31 March 2019 and 2018.

7 APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL INFORMATION

The unaudited condensed consolidated first quarterly financial information was approved by the Board on 9 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

During the period ended 31 March 2019 (the “Reporting Period”), Cornerstone Financial Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) were principally engaged in (i) financial services; (ii) provision of out-of-home (“OOH”) advertising services; and (iii) film development, production and distribution. To streamline the businesses, the Group has disposed of the business in the provision of early childhood education and ceased the business in the retail of skin care products. For the Reporting Period, the advertising and media business remained the main contributor to the Group’s revenue, accounted for approximately 86% of the Group’s consolidated revenue. The details of the Group’s principal businesses 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”) and a wholly owned subsidiary of the Group also obtained the license to conduct money lending business.

The performance of the Group’s financial services business remained strong for the period ended 31 March 2019, the total revenue reached approximately HK\$3.5 million while the operating profit after tax reached approximately HK\$1.7 million. Margin financing business was the key income stream for the Group’s financial services business and approximately HK\$168 million margin loan financing was granted to margin account clients as at 31 March 2019 while the total net assets of the Group’s client accounts amounted to approximately HK\$1,420 million and the net assets for margin account clients and cash account clients were approximately HK\$744 million and HK\$672 million respectively.

The management is optimistic on the business prospect of the financial services business. Backed by the experienced management team and its sound reputation in the industry, the Directors are confident that the financial services segment will continue to widen its customer base through the extensive business platform and will enlarge its presence in the industry with advantage synergies aiming to optimize returns to the Company and its shareholders (the “Shareholders”).

Advertising and Media Business

The Group is a well-established digital 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. In terms of the number of venues in which the Group deploys its digital flat-panel displays, the Group is the largest digital OOH media company in Hong Kong and Singapore. As of 31 March 2019, the Group has deployed its flat-panel displays in 1,450 venues in Hong Kong and Singapore.

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	Three months ended	Three months ended
		31 March 2019	31 March 2018
Hong Kong	Office, Commercial and Residential Network	928	893
Singapore	Office and Commercial Network	522	514
Total number of venues		<u>1,450</u>	<u>1,407</u>

As of 31 March 2019, the Group has deployed its branded flat-panel displays at 1,450 office, commercial and residential buildings in Hong Kong and Singapore under its digital OOH media network.

Under its OOH Billboard media network in Hong Kong, the Group continues to hold the exclusive advertising sales rights to both the Tsim Sha Tsui (“TST”) Interchange Subways and the Middle Road Subway (in total three subways); this underground transport hub beneath one of the busiest tourists and business districts in Hong Kong connects the TST MTR station and the East TST MTR station. In addition, the Group continues to hold the exclusive advertising sales rights to the billboard along the super-long pedestrian walkway leading to Knutsford Terrace at TST. Knutsford Terrace has been dubbed the “Lan Kwai Fong” of Kowloon, a popular dining/nightlife place and an entertainment hub in the heart of TST, with a strip of international/local restaurants and bars catering to both locals and tourists.

The Group also holds the exclusive advertising sales rights to a billboard on the rooftop and sidewall of the pedestrian subway between Charter Road and Connaught Road Central in Hong Kong. This billboard is located right next to the iconic Mandarin Oriental Hotel at the heart of the Central District, the financial hub of Hong Kong; it faces all vehicle traffic passing through Central towards the east and west side of Hong Kong island.

Under its OOH Billboard media network in Singapore, the Group continues to hold the exclusive advertising partnership for a large format illuminated billboard at Clifford Centre. This site faces the busy Raffles Green, just above Raffles MRT station, located right in the heart of Singapore's financial district. It is located just beside the Group's existing large format LED illuminated billboard at The Arcade and opposite the Group's mega-size LED screen at One Raffles Place.

The Group also holds the 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.

In addition, the Group continues to hold the exclusive advertising sales rights to a billboard at AZ @ Paya Lebar building; 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.

As well, the Group continues to hold the exclusive operating and advertising sales rights to the mega-size LED screen at One Raffles Place ("ORP"), fronting Raffles Green; ORP is one of the three tallest buildings in Singapore and is a beacon in the heart of Singapore's financial district. Moreover, 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 also holds the exclusive advertising sales rights to a billboard at Fortune Center in Singapore; it is located in the middle of the bustling Bugis District and faces all vehicle traffic at the cross junction of Middle Road and Waterloo Street. The Group also holds the exclusive advertising sales rights to a large format LED illuminated billboard at The Arcade in Singapore as well as the exclusive sales rights to the venue for event marketing. The Arcade faces the busy Raffles Green, just above the Raffles MRT station, located right in the heart of Singapore's financial district.

Furthermore, the Group continues to hold the exclusive advertising sales rights to a billboard on the facade of Furama City Centre Hotel in Singapore. This 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 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 OOH sites under its Static OOH billboard media network.

Film Development, Production and Distribution Business

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. Among the potential investors with whom the Group had initiated contact, one China-based group showed interest in collaborating with the Group in developing one or two of the films in the form of a co-financing arrangement. As at the end of the period under review, the Group has not yet entered into any formal contractual agreement in relation to the production of these films. To better elaborate the Company’s business model in relation to the investments in the film projects, the Company would develop the film rights in form of script for shooting, but would not participate in the actual shooting or filming of the motion pictures, such is left to the collaborating partner. The Company’s role was merely to develop the rights of the superhero characters and to participate as one of the production equity investors of the production costs. The Company will continue to explore the potential value attributing to the film business and will keep on trying to identify potential investors for the development of the films as well as continuously review the business strategies of this segment.

Future Prospects

The Management believes the financial services segment of the Group has tremendous potential to develop into a sizeable financial corporation providing a wider range of financial products and services. To reallocate more resources in the development of the Group's principal businesses, the Group has disposed of the business in the provision of early childhood education and ceased the business in the retail of skin care products during the Reporting Period. The Directors will continue to explore other potential opportunities as so to streamline the businesses and/or to strengthen its business portfolio. While the Management will continue to operate and develop the advertising and media business, the Group will in the meantime focus on the development of financial services business and to fully realize its potentials in the future. In the meantime, the Management would also further develop the "Cornerstone" brand name and strengthen its position as a premium financial service provider.

Financial Review and Highlights

	Three months ended		% Change
	31 March		
	2019	2018	
	HK\$	HK\$	
	(unaudited)	(unaudited)	
Revenue	24,966,446	20,999,980	19%
– continuing operations	24,678,895	20,426,115	21%
– discontinued operation	287,551	573,865	50%
Gross profit	14,545,351	12,114,346	20%
– continuing operations	14,265,538	11,554,791	23%
– discontinued operation	279,813	559,555	50%
EBITDA ^(Note)	(1,427,280)	(13,655,755)	N/A
Net loss	(5,784,172)	(15,023,417)	N/A

Note: EBITDA represents earnings before finance costs, income tax, depreciation of property, plant and equipment and right-of-use assets, share of profit/(loss) of an associate, impairment of interest in an associate, impairment of property, plant and equipment, provision for impairment of film deposits and rights, fair value gain/(loss) on financial asset at fair value through profit or loss, provision for impairment of trade receivables, amortization of intangible assets and net of 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 from continuing operations for the three months ended 31 March 2019 was approximately HK\$24.7 million, representing an increase of approximately 21% over the corresponding period of the previous year while the Group's revenue from discontinued operation for the three months ended 31 March 2019 was approximately HK\$0.3 million, representing a decrease of approximately 50% over the corresponding period of the previous year.

The Group's gross profit from continuing operations for the three months ended 31 March 2019 was approximately HK\$14.3 million, representing an increase of approximately 23% over the corresponding period of the previous year while the Group's gross profit from discontinued operation for the three months ended 31 March 2019 was approximately HK\$0.3 million, representing a decrease of approximately 50% over the corresponding period of the previous year. The Group's gross profit margin maintained at the same level of approximately 58%.

The Group's administrative expenses from continuing operations for the three months ended 31 March 2019 was approximately HK\$19.9 million, representing a decrease of approximately 25% over the corresponding period of the previous year while the Group's administrative expenses from discontinued operation for the three months ended 31 March 2019 was approximately HK\$0.5 million, representing a decrease of approximately 38% over the corresponding period of the previous year. The decrease in administrative expenses was mainly due to the cost saving in operating expenses such as staff costs of the Group.

The Group's negative EBITDA amounted to approximately HK\$1.4 million for the three months ended 31 March 2019 as compared to the Group's negative EBITDA amounted to approximately HK\$13.7 million for the corresponding period of the previous year. The improvement in EBITDA was due to the drop in administrative expenses mentioned above.

Loss per share for the three months ended 31 March 2019 was approximately HK cents 0.51 as compared to a loss per share of HK cents 1.32 for the corresponding period of the previous year.

The Group recorded a loss attributable to owners of the parent of approximately HK\$5.9 million for the three months ended 31 March 2019 as compared to a loss attributable to owners of the parent of approximately HK\$15.1 million for the corresponding period of the previous year. The improvement in the financial results was due to the increase in revenue, stable gross profit margin and the cost saving in administrative expenses during the Reporting Period.

Liquidity and financial resources

During the Reporting Period, the Group financed its daily operations from internally generated resources. As at 31 March 2019, the Group had net current assets of approximately HK\$226 million (31 December 2018: net current assets of HK\$245 million) and cash and cash equivalents of approximately HK\$79 million (31 December 2018: HK\$79 million).

Dividend

The board of directors of the Company (the “Board”) does not recommend the payment of any dividend for the three months ended 31 March 2019 (three month ended 31 March 2018: Nil).

Information on employees

As at 31 March 2019, the Group had 81 employees (31 December 2018: 89 employees), including the executive Directors. Total staff costs of the Group (including Directors’ emoluments) for the three months ended 31 March 2019 were approximately HK\$11.2 million (three months ended 31 March 2018: 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 include contributions to Mandatory Provident Fund scheme in Hong Kong and Central Provident Fund in Singapore as well as share options.

Significant investments held

Except for investment in subsidiaries, joint ventures and an associate, the Group held HK\$5 million listed investments as at 31 March 2019 (31 December 2018: HK\$4.5 million).

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

On 4 March 2019, Creative Execution Limited (“CEL”), an indirect wholly-owned subsidiary of the Group, that owns 70% of the issued share capital of Babysteps Limited (“Babysteps”) and the 30% non-controlling interest shareholder of Babysteps agreed to sell their entire interest in Babysteps for a consideration of HK\$1 to an independent third party buyer. Since the incorporation of Babysteps in 2014, it has been engaged in the provision of early childhood education business and the accumulated loss since incorporation to the end of 2018 was approximately HK\$6 million with net liabilities of approximately HK\$5.1 million. The Group considered the disposal of Babysteps was in the best interest of the shareholders as Company can focus its resources for the development of its principal businesses.

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 31 March 2019, the Group did not have any charges on its assets (31 December 2018: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2019 (31 December 2018: Nil).

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the three months ended 31 March 2019, 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 three months ended 31 March 2019, none of the Directors or substantial shareholders of the Company or any of their respective close associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

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 three months ended 31 March 2019.

Corporate Governance Practices

During the three months ended 31 March 2019, the Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules.

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 three independent non-executive Directors.

The unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2019 have been reviewed by the Audit Committee together with the management of the Company, which is of the opinion that the first quarterly 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
An Xilei
Chairman and Executive Director

Hong Kong, 9 May 2019

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

The announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be posted on the Company’s website at www.cs8112.com.