基石金融控股有限公司
CORNERSTONE FINANCIAL HOLDINGS LIMITED
*(Incorporated in the Cayman Islands with limited liability)*
**(Stock code: 8112)**

# PROFIT WARNING

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

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group (the "**Management Accounts**") for the year ended 31 December 2020 ("**FY2020**") and other information currently available to the Company, it is expected that the Group will record a loss of approximately HK$48.7 million in FY2020 as compared to a loss of approximately HK$17.3 million for the year ended 31 December 2019 ("**FY2019**").

The increase in expected loss incurred by the Group in FY2020 is primarily attributable to (i) the decrease in revenue of the Group from approximately HK$92.3 million in FY2019 to approximately HK$51.0 million in FY2020; (ii) impairments made to the property, plant and equipment, right-of-use assets balance; (iii) expected credit losses made on receivable balances; and (iv) the change in fair value of listed investments.

The performance of the Group was severely affected by the outbreak of COVID-19, in particular, the advertising and media business dropped significantly from approximately HK$77.6 million in FY2019 to approximately HK$37.6 million in FY2020. Reasons for the unsatisfactory results of this business segment include the "lockdown" of Singapore during the months of April and May 2020 while Hong Kong had experienced multiple waves of massive outbreak of COVID-19 throughout FY2020. It was believed that advertising and media clients had tightened their advertising budget in times of economic downturns and this trend would continue until the global economy resume completely to normal. As for the Group's financial services business, the revenue dropped slightly from approximately HK$14.4 million to approximately HK$13.4 million while the margin financing income remained stable at the level of approximately HK$13 million in both FY2020 and FY2019. Recently, economic measures have been implemented by governments of world major economies such as quantitative easing and stimulus packages to accelerate economic recovery and various stock markets, including the Hong Kong stock market, have reacted positively to reflect the expectation in future economic recovery. It was believed that the performance of the Group's financial services business would remain strong and has potential to further develop into a reliable source of revenue.

The Group would continue to focus its resources on the development of financial services business and would position "Cornerstone" as a premier financial services provider in Hong Kong. The Company would constantly review its business strategies and closely monitor the development of its businesses and intends to allocate financial and management resources to the most promising business opportunities and would keep on trying to explore the potential value attributing to its business portfolios in order to achieve better returns for shareholders.

The Company is still in the process of finalising the consolidated annual results of the Group for FY2020. The information contained in this announcement is only based on the preliminary assessment by the management of the Company on the information currently available to it, including the Management Accounts which have yet to be confirmed, and is subject to possible adjustments following further internal review. It is not based on any figures or information which has been audited or reviewed by the auditor or audit committee of the Company. Shareholders and potential investors are advised to read carefully the Group's financial results for FY2020, which will be published in due course pursuant to the requirements of the GEM Listing Rules.

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

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

Hong Kong, 19 March 2021

*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, Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying as independent non-executive Directors.*