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CORNERSTONE TECHNOLOGIES HOLDINGS LIMITED
基石科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8391)

(1) SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND (2) MEMORANDUM OF UNDERSTANDING ON STRATEGIC COOPERATION

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 27 June 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 32,320,000 new Shares at the Subscription Price of HK$0.62 per Subscription Share. Completion of the Subscription is subject to the fulfilment of the conditions referred to in the paragraph headed "**Conditions of the Subscription**" of this announcement.

The Subscription Shares represent (i) approximately 4.6% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.4% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares immediately after completion of the Subscription, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the date of this announcement and the date of Completion. The aggregate nominal value of the Subscription Shares will be HK$323,200.

The Subscription Shares will be issued and allotted pursuant to the General Mandate.

The gross proceeds from the Subscription will be approximately HK$20.0 million. The estimated net proceeds from the Subscription after deduction of expenses, will amount to approximately HK$19.5 million. The Company intends to apply the proceeds from the Subscription as general working capital of the Group.

Completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 27 June 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 32,320,000 new Shares at the Subscription Price of HK$0.62 per Subscription Share. Completion of the Subscription is subject to the fulfilment of the conditions referred to in the paragraph headed "**Conditions of the Subscription**" of this announcement.

Principal terms of the Subscription Agreement are set out below:

THE SUBSCRIPTION AGREEMENT

Date: 27 June 2022 (after trading hours)

Parties: (1) the Company as issuer; and

(2) the Subscriber.

The Subscriber is Golden Ponder Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1783).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscriber and its controlling shareholder are Independent Third Parties.

Subscription Shares

The Subscription Shares represent:

(a) approximately 4.6% of the existing issued share capital of the Company as at the date of this announcement; and

(b) approximately 4.4% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares immediately after completion of the Subscription, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the date of this announcement and the date of Completion.

The aggregate nominal value of the Subscription Shares will be HK$323,200.

Subscription Price

The Subscription Price of HK$0.62 per Subscription Share represents:

(a) a discount of approximately 17.3% to the closing price of HK$0.75 per Share as quoted on the Stock Exchange on 27 June 2022, being the last trading day immediately before the date of the Subscription Agreement; and

(b) a discount of approximately 18.0% to the average closing price of HK$0.756 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent market prices of the Shares and current market conditions. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when issued and allotted, will rank pari passu in all respects among themselves and with the Shares in issue on the date of issue and allotment of the Subscription Shares.

Conditions of the Subscription

Completion is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

(a) if required, the ordinary resolution(s) for approving the Subscription Agreement and the transactions contemplated thereunder having been duly passed by the shareholders of the Company and/or the Subscriber;

(b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and such approval has not been revoked prior to Completion; and

(c) each of the Company and the Subscriber having obtained all necessary consents and approvals in respect of the Subscription Agreement and the transactions contemplated thereunder.

Completion

Completion of the Subscription will take place within five (5) Business Days after the date of fulfillment of the conditions referred to above.

GENERAL MANDATE

The Subscription Shares will be issued and allotted pursuant to the General Mandate. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to issue is 119,958,108 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, 8,000,000 Shares have been issued and allotted by the Company under the General Mandate. As such, the issue of the Subscription Shares is not subject to the approval by the Shareholders.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 701,671,399 Shares in issue. The following is a table illustrating the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the date of this announcement and the date of Completion:

	As at the date of this announcement		**Immediately after completion of the Subscription**	
	Number of Shares	*Approx. % of shareholding*	*Number of Shares*	*Approx. % of shareholding*
Controlling Shareholder, Substantial Shareholders, Directors, CEO and COO				
Golden Fortune Global Limited *(Note 1)*	235,603,225	33.58%	235,603,225	32.10%
Glorytwin Limited *(Note 2)*	81,000,000	11.54%	81,000,000	11.03%
Mr. Pan Wenyuan	27,096,000	3.86%	27,096,000	3.69%
Mr. Wu Jianwei *(Note 1)*	24,192,000	3.45%	24,192,000	3.30%
Cornerstone Wealth Holdings Limited *(Note 3)*	22,802,703	3.25%	22,802,703	3.11%
Tanner Enterprises Group Limited *(Note 2)*	17,392,000	2.48%	17,392,000	2.37%
Mr. Liang Zihao *(Note 1)*	13,708,000	1.95%	13,708,000	1.87%
Mr. Lau Wai Yan Lawson *(Note 3)*	7,500,000	1.07%	7,500,000	1.02%
Mr. Yip Shiu Hong	5,997,905	0.86%	5,997,905	0.82%
Mr. Li Man Keung Edwin *(Note 2)*	5,912,613	0.84%	5,912,613	0.80%
Mr. Ng Sze Chun	2,998,953	0.43%	2,998,953	0.41%
Public Shareholders				
Subscriber	–	–	32,320,000	4.40%
Other public Shareholders	257,468,000	36.69%	257,468,000	35.08%
Total	701,671,399	100.00%	733,991,399	100.00%

Notes:

(1) 235,603,225 Shares are held by Global Fortune Global Limited which is owned as to 51% by Mr. Wu Jianwei, the non-executive Director and Co-Chairman of the Board, and as to 49% by Mr. Liang Zihao, the executive Director and Co-Chairman of the Board. Mr. Wu Jianwei also directly holds 24,192,000 Shares and Mr. Liang Zihao also directly holds 13,708,000 Shares.

(2) 81,000,000 Shares are held by Glorytwin Limited which is wholly owned by Mr. Li Man Keung Edwin, executive Director and Vice Chairman of the Board. 17,392,000 Shares are held by Tanner Enterprises Group Limited which is wholly owned by Mr. Li Man Keung Edwin. Mr. Li Man Keung Edwin also directly holds 5,912,613 Shares. The aggregate Shares beneficially owned by Mr. Li Man Keung Edwin is 104,304,613 Shares.

(3) 22,802,703 Shares are held by Cornerstone Wealth Holdings Limited which is wholly owned by Mr. Lau Wai Yan Lawson, the executive Director. Mr. Lau Wai Yan Lawson also directly holds 7,500,000 Shares. The aggregate Shares beneficially owned by Mr. Lau Wai Yan Lawson is 30,302,703 Shares.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of printing, typesetting and translation services and electric vehicle charging business in Hong Kong.

INFORMATION ON THE SUBSCRIBER

The Subscriber is Golden Ponder Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange. The Subscriber is principally engaged in providing supersutructure building and RMAA works service as a main contractor in Hong Kong.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Hong Kong Roadmap of Popularisation of Electric Vehicles was issued by the Environmental Protection Department in March 2021 (the "**Roadmap**") (website:https://www.evhomecharging.gov.hk/), which unveiled an initiative to drive Hong Kong towards the vision of "Zero Carbon Emissions — Clean Air — Smart City", and target to achieve carbon neutrality before 2050 which will adopt key measures including i) E-private cars, ii) E-commercial vehicles, iii) government fleet, iv) charging network, v) maintenance services, and vi) battery recycling. For private charging facilities, the government targeted to have at least 150,000 parking spaces in private and commercial buildings equipped with EV-charging infrastructure before 2025, to support mainly EV and certain e-light goods vehicles. In particular, the HK$2 billion EV-charging at Home Subsidy Scheme ("**EHSS**") aimed at assisting car park of private residential buildings to install EV-charging-enabling infrastructure ("**EVCEI**") covering 60,000 parking spaces opened for application in October 2020.

Since the commencement of EHSS and up to the date of this Announcement, the Company has been awarded 1 tender under the EHSS, and is eager to continue its EV-charging business and submit tenders under the EHSS. As such the Company has been aggressively raising capital for financing projects under EHSS.

The gross proceeds from the Subscription will be HK$20.0 million. The estimated net proceeds from the Subscription after deduction of expenses, will amount to approximately HK$19.5 million. The Company intends to apply the proceeds from the Subscription as general working capital of the Group. The Directors consider that the Subscription represents a good opportunity to strengthen the capital base of the Company.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The following are the equity fund raising activities conducted by the Company in the past 12 months immediately before the date of this announcement:

Date of announcement/ circular	Fund raising activity	Net proceeds raised	Intended us of net proceeds	Actual use of net proceeds
29 November 2021 and 6 December 2021	Subscription of 8,000,000 new Shares under general mandate	Approximately HK$4.92 million	Working capital and general corporate purposes	HK$4.92 million were fully utilized in accordance with the intended use
30 September 2021, 4 October 2021, 7 October 2021, 9 November 2021, 30 December 2021, 13 January 2022, 21 March 2022 and 31 May 2022	Placing of 39,520,000 new Shares under specific mandate	Approximately HK$23.3 million	EV-charging business development, commercial and financial printing business operation and as general corporate purposes	HK$23.3 million were fully utilized in accordance with the intended use

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 27 June 2022, the Company entered into a non-legally binding memorandum of understanding (the "**MOU**") with the Subscriber.

Pursuant to the MOU, the Company and the Subscriber intend to collaborate with each other (the "**Collaboration**") so as to bring mutual benefits to each other, and it is noted by the parties thereto that the Collaboration may be in the form of, including but not limited to:

1. the Company and the Subscriber become official business partners in which upon being awarded a project under the EHSS by the Company, the Company shall invite the Subscriber to tender. Should the Subscriber submits a tender and the tender price is the lowest or same as the lowest among all tenders submitted and satisfy all technical requirements of the tender, the Company shall cooperate with and engage the Subscriber as the contractor for the relevant EHSS project;

2. by pooling of relevant resources of the parties, to establish other cooperative model(s) which aims to maximize each party's benefits; and

3. other equity investments in pursuit of mutual interests of the parties.

Reasons and Benefits of the MOU

With the strategic cooperation with the Subscriber, the Company and the Subscriber will be able to share and synergize upon, amongst others: (i) leverage with their respective in-depth knowledge, expertise and experience in construction and project management in cost effectiveness for tendering and execution of EHSS projects as well as other EV-charging solutions related projects; and (ii) enlarge market coverage of EV-charging solutions in Hong Kong to capture the potential EV-charging market growth. With this cooperation, both the Company and the Subscriber would be well-positioned to leverage their respective expertise and to further expand businesses across the industry.

Non-legally binding effect

Save for certain clauses regarding, among others, confidentiality, termination, costs and expenses and governing law, the MOU is not legally binding on the parties to the MOU.

GENERAL

Completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The MOU only represents a memorandum of understanding between the Company and the Subscriber. The implementation of the transactions contemplated under the MOU is subject to formal agreement(s) ultimately being entered into, and may or may not materialise as described in this announcement or at all. Should any formal agreement (s) in relation to the MOU be entered into, the Company will comply with the relevant requirements under the GEM Listing Rules, where applicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"AGM"	the annual general meeting of the Company held on 30 June 2021
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day on which the Stock Exchange is open for the business of dealing in securities
"Company"	Cornerstone Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM (stock code: 8391)
"Completion"	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Director(s)"	director(s) of the Company
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"General Mandate"	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	Golden Ponder Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1783)
"Subscription"	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
"Subscription Agreement"	the subscription agreement dated 27 June 2022 entered into between the Company and the Subscriber in relation to the Subscription
"Subscription Price"	HK$0.62 per Subscription Share
"Subscription Shares"	an aggregate of 32,320,000 Shares to be issued and allotted by the Company to the Subscriber pursuant to the Subscription Agreement
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent

By Order of the Board
Cornerstone Technologies Holdings Limited
LIANG Zihao
Co-Chairman and Executive Director

Hong Kong, 27 June 2022

As at the date of this announcement, the executive Directors of the Company are Mr. LIANG Zihao, Mr. LI Man Keung Edwin, Mr. SAM WENG WA Michael, Mr. LAU Wai Yan Lawson and Mr. PAN Wenyuan, the non-executive Director of the Company is Mr. WU Jianwei and the independent non-executive Directors of the Company are Mr. TAM Ka Hei Raymond, Mr. YUEN Chun Fai and Ms. ZHU Xiaohui.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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, 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 Stock Exchange's website at www.hkexnews.hk for at least seven days after the date of publication and on the Company's website at www.cstl.com.hk.