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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) SECOND SUPPLEMENTAL AGREEMENT TO PLACING OF NEW SHARES IN TRanches UNDER SPECIFIC MANDATE

Placing Agent



建泉融資有限公司
VBG Capital Limited

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 29 November 2021 (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 8,000,000 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 1.33% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.32% 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\$80,000.

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

The gross proceeds from the Subscription will be HK\$4.96 million. The estimated net proceeds from the Subscription after deduction of expenses, will amount to approximately HK\$4.92 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 29 November 2021 (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 8,000,000 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: 29 November 2021 (after trading hours)

Parties: (1) the Company as issuer; and
(2) the Subscriber.

The Subscriber is Hatcher Group Limited (formerly known as VBG International Holdings Limited), a company incorporated under the laws of the Cayman Islands and the shares of which are listed on GEM (stock code: 8365).

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 1.33% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 1.32% 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\$80,000.

Subscription Price

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

- (a) a discount of approximately 19.48% to the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on 28 November 2021, being the last trading day immediately before the date of the Subscription Agreement; and
- (b) a discount of approximately 19.48% to the average closing price of HK\$0.77 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) 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;
- (b) the necessary consents and approvals in relation to the Subscription Agreement and the transactions contemplated thereunder having been obtained; and
- (c) the representation and warranties of the Company remaining true and accurate in all material respects and are not misleading as at the date of the Subscription Agreement and the date of Completion.

The Subscriber may waive any conditions, except the condition referred to in (a) above which may not be waived by any party to the Subscription Agreement. If the above conditions are not fulfilled or waived (as the case may be) by 6 December 2021 (or such other date as the parties may agree in writing), the Subscription Agreement will be automatically terminated and lapsed and none of the parties to the Subscription Agreement shall have any claim against the other in respect of the Subscription, save for any antecedent breaches thereof.

Completion

Completion of the Subscription will take place within ten 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, no new 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 599,790,541 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 Subscriptions	
	<i>Number of Shares</i>	<i>Approx.% of shareholding</i>	<i>Number of Shares</i>	<i>Approx.% of shareholding</i>
Controlling Shareholder, Substantial Shareholders and Directors				
Global Fortune Global Limited	235,603,225	39.28%	235,603,225	38.76%
Glorytwin Limited	81,000,000	13.50%	81,000,000	13.33%
Mr. Lau Wai Yan Lawson	30,302,703	5.05%	30,302,703	4.99%
Mr. Pan Wenyuan	23,872,000	3.98%	23,872,000	3.93%
Mr. Li Man Keung Edwin	19,112,613	3.19%	19,112,613	3.14%
Public Shareholders				
The Subscriber	—	—	8,000,000	1.32%
Other public Shareholders	209,900,000	35.00%	209,900,000	34.53%
Total	599,790,541	100.00%	607,790,541	100.00%

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 an investment holding company and its subsidiaries are principally engaged in the provision of (i) corporate finance advisory services, (ii) placing and underwriting services, (iii) business consultancy services, (iv) asset management services, (v) securities brokerage and margin financing, (vi) ESG advisory services, (vii) corporate secretarial services, (viii) accounting and taxation services, (ix) risk management and internal control advisory services, (x) recruitment agency services and (xi) I.T. services in Hong Kong.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds from the Subscription will be HK\$4.96 million. The estimated net proceeds from the Subscription after deduction of expenses, will amount to approximately HK\$4.92 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 is the equity fund raising activity conducted by the Company in the past 12 months immediately before the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
15 December 2020 and 4 January 2021	Placing of 49,625,000 new Shares under general mandate	Approximately HK\$19.35 million	(i) EV charging business development; (ii) commercial and financial printing business operation; and (iii) working capital and general corporate purposes	Fully utilised in accordance with the intended use
15 December 2020, 22 January 2021, 10 February 2021 and 10 March 2021	Subscription of 69,625,000 new Shares under specific mandate	Approximately HK\$27.8 million	(i) EV charging business development; (ii) commercial and financial printing business operation; and (iii) working capital and general corporate purposes	Fully utilised in accordance with the intended use

SECOND SUPPLEMENTAL AGREEMENT TO PLACING OF NEW SHARES IN TRANCHES UNDER SPECIFIC MANDATE

Reference is made to the announcements of the Company dated 30 September 2021 and 9 November 2021 (the “**Announcements**”) in relation to the Placing. Unless otherwise defined, capitalized terms used herein shall denote the same meanings as those defined in the Announcements.

The Company announces that on 29 November 2021, the Placing Agent and the Company entered into a second supplemental agreement to the Placing Agreement (the “**Second Supplemental Placing Agreement**”), pursuant to which the Placing Agent and the Company agree that the Placing Price be revised downward from HK\$0.70 per Placing Share to HK\$0.62 per Placing Share.

Assuming all the Revised Placing Shares are fully placed, the aggregate gross proceeds from the Placing (as supplemented by the Second Supplemental Placing Agreement) are expected to be HK\$53.9 million. After deducting related professional fees and all related expenses of approximately HK\$2.8 million to be borne by the Company under the Placing (as supplemented by the Second Supplemental Placing Agreement), the net proceeds will amount to approximately HK\$51.1 million. The Company’s intended use of proceeds from the Placing (as supplemented by the Second Supplemental Placing Agreement) will remain the same proportion as disclosed in the Announcements.

Save for the amendment referred to above, all other terms and conditions of the Placing Agreement shall remain unchanged and continue in full force and effect.

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.

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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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”	Hatcher Group Limited (formerly known as VBG International Holdings Limited), a company incorporated under the laws of the Cayman Islands and the shares of which are listed on GEM (stock code: 8365) or its nominee(s)

“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 29 November 2021 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 8,000,000 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, 29 November 2021

As at the date of this announcement, the executive Directors are Mr. LIANG Zihao, Mr. SAM WENG WA Michael, Mr. LI Man Keung Edwin, Mr. LAU Wai Yan Lawson and Mr. PAN Wenyuan, the non-executive Director is Mr. WU Jianwei and the independent non-executive Directors 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 GEM website at www.hkgem.com for at least seven days after the date of publication and on the Company’s website at www.cstl.com.hk.