
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Cornerstone Financial Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**PROPOSALS FOR
GENERAL MANDATES TO ISSUE NEW SHARES AND
REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the 2022 Annual General Meeting (“AGM”) of the Company to be held at Room 802, 8th Floor, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong on Tuesday, 31 May 2022 at 11:00 a.m. is set out on pages 20 to 24 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the date of posting and on the website of the Company at www.cs8112.com.

PRECAUTIONARY MEASURES

Please see page 4 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the AGM, which will include:

- compulsory body temperature checks
- compulsory wearing of surgical face masks for each attendee
- submission of travel and health declaration form, which may be used for contact tracing
- no distribution of refreshments or drinks

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the venue of the AGM. The Company also encourages its shareholders to consider appointing the chairman of the meeting as its/his/her proxy to vote on the resolutions to be proposed at the AGM as an alternative to attending the meeting in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

30 March 2022

CHARACTERISTICS OF GEM

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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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Room 802, 8th Floor, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong on Tuesday, 31 May 2022 at 11:00 a.m., the notice of which is set out on pages 20 to 24 of this circular
“Articles”	the amended and restated articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company
“Circular”	the circular of the Company dated 3 March 2022 in relation to, among other things, the Rights Issue
“Close Associate”	has the meaning ascribed thereto under the GEM Listing Rules
“Company”	Cornerstone Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its shares listed on GEM
“Core Connected Person”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on Tuesday, 22 March 2022 at which the Rights Issue (including the Underwriting Agreement and the transactions contemplated thereunder) was approved by Independent Shareholders
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Latest Practicable Date”	29 March 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular prior to its publication
“Listing Date”	28 July 2011, on which dealings in the Shares first commenced on GEM
“Record Date”	Sunday, 3 April 2022 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date, at the subscription price of HK\$0.38 per Rights Share as detailed in the Circular
“Rights Share(s)”	172,063,836 new Shares to be allotted and issued under the Rights Issue

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, re-classification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Underwriter”	Koala Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 21 January 2022 in relation to the underwriting arrangement in respect of the Rights Issue
“%”	Percent

PRECAUTIONARY MEASURES FOR THE AGM

In light of the COVID-19 pandemic, and to better protect the safety and health of the Shareholders and other participants attending the AGM, the Company will implement the following precautionary measures at the venue of the AGM (the “Venue”):

1. compulsory body temperature checks will be conducted on all persons attending the AGM at the waiting area outside the Venue before they are admitted to the Venue. Any person with a body temperature of over 37.3 degree celsius, or who has any flulike symptoms, or is otherwise apparently unwell will not be admitted to the Venue;
2. all attendees must wear face masks at all times inside the Venue or at the waiting area outside the Venue;
3. all attendees of the AGM are required to fill in a travel and health declaration form to confirm that (i) he/she has no flu-like symptoms within 7 days immediately before the AGM; and (ii) within 14 days immediately before the AGM: (a) he/she has not travelled outside of Hong Kong; (b) he/she is/was not under compulsory quarantine or medical surveillance order by the Department of Health of Hong Kong; (c) he/she has not had/has close contact with confirmed case(s) and/or probable case(s) of COVID-19 patient(s); and (d) he/she does/did not live with any person under home quarantine. Any person who fails to provide the required confirmation may be requested to leave or denied entry into the Venue;
4. seating at the Venue will be arranged in a manner to allow for appropriate social distancing. As a result, there may be limited capacity for Shareholders to attend the AGM. The Company may limit the number of attendees at the AGM as may be necessary to avoid over-crowding;
5. any attendee who does not follow any of the abovementioned measures will be refused admission to the Venue or requested to leave the Venue;
6. no refreshments or drinks will be served at the AGM to avoid close contact of attendees; and
7. all attendees are recommended to clean their hands with alcohol-based hand sanitizer before entering the Venue.

Shareholders are reminded that attendance at the AGM in person is not necessary for the purpose of exercising voting rights. The Shareholders may choose to vote by filling in and submitting the relevant proxy form of the AGM, and appoint the chairman of the meeting as a proxy to vote on the relevant resolution at the AGM as instructed in accordance with the relevant proxy form instead of attending the AGM in person. For details, please refer to the proxy form of the AGM.

The Company will keep monitoring the evolving COVID-19 situation and may implement additional measures which, if any, will be announced closer to the date of the AGM.

LETTER FROM THE BOARD



(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8112)

Executive Directors:

Gao Ran (*Chairman*)
An Xilei
Wong Hong Gay Patrick Jonathan
Mock Wai Yin

Independent Non-executive Directors:

Chan Chi Keung Alan
Lau Mei Ying
Wong Man Hong

Registered Office:

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head office and principal place

of business in Hong Kong:

Room 802, 8th Floor
Lee Garden Five
18 Hysan Avenue
Causeway Bay
Hong Kong

30 March 2022

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE NEW SHARES AND
REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM for (i) granting the general mandates to the Directors to allot, issue, deal with new Shares and repurchase existing Shares; and (ii) the re-election of the retiring Directors.

LETTER FROM THE BOARD

PROPOSED GRANTING OF GENERAL MANDATES

On 11 May 2021, resolutions were passed by the Shareholders at the 2021 annual general meeting of the Company giving general mandates to the Directors:

- (i) to allot, issue and otherwise deal with additional Shares with the aggregate number of Shares not exceeding 20% of the aggregate number of Shares of the Company in issue as at that day;
- (ii) to repurchase Shares with the aggregate number of Shares not exceeding 10% of the aggregate number of Shares of the Company in issue as at that day; and
- (iii) to add to the general mandate for issuing Shares set out in (i) above the number of Shares repurchased by the Company pursuant to the repurchase mandate set out in (ii) above.

The above general mandates will expire at the conclusion of the AGM, unless renewed at that meeting.

Three respective ordinary resolutions will be proposed at the AGM for the purposes of granting general mandates to the Directors:

- (a) to allot, issue and otherwise deal with additional Shares with the aggregate number of Shares not exceeding 20% of the aggregate number of Shares of the Company in issue (the “Issue Mandate”) as at the date of passing the resolution approving the Issue Mandate;
- (b) to repurchase Shares with the aggregate number of Shares not exceeding 10% of the aggregate number of Shares of the Company in issue (the “Repurchase Mandate”) as at the date of passing the resolution approving the Repurchase Mandate; and
- (c) to add to the general mandate for issuing Shares set out in (a) above the number of Shares repurchased by the Company pursuant to the Repurchase Mandate (the “Extension of Share Issue Mandate”).

LETTER FROM THE BOARD

Effect of the Rights Issue

At the EGM held on 22 March 2022, the resolution approving the Rights Issue was duly passed by the Independent Shareholders by way of poll. Provided that the Rights Issue would have become unconditional on 22 April 2022, it is expected that a total of 172,063,836 Rights Shares would be allotted and issued on 26 April 2022, the aggregate number of Shares in issue as fully paid as enlarged immediately after completion of the Rights Issue would then be 229,418,448 Shares. Accordingly, the number of Shares to be involved in the Issue Mandate, the Repurchase Mandate and the Extension of Share Issue Mandate to be approved by the Shareholders at the AGM will be based on the issued share capital of the Company as enlarged by the Rights Issue by then.

Subject to the passing of the relevant ordinary resolutions at the AGM, the scenarios for Shares to be issued and repurchased under the Issue Mandate and the Repurchase Mandate are illustrated as follows:

- (i) based on 57,354,612 Shares were in issue as fully paid as at the Latest Practicable Date, assuming no further Shares are issued and repurchased prior to the AGM, without taking into account of the effect of the Rights Issue, hence the number of Shares in issue as fully paid would remain as 57,354,612 Shares as at the date of the AGM, the Company will be allowed:
 - (a) under the Issue Mandate, to issue a maximum of 11,470,922 Shares, the number to the nearest to but not exceeding 20% of the issued share capital of the Company at the date of passing the resolution; and
 - (b) under the Repurchase Mandate, to repurchase a maximum of 5,735,461 Shares, the number to the nearest to but not exceeding 10% of the issued share capital of the Company at the date of passing the resolution.
- (ii) assuming that a total of 172,063,836 Rights Shares are allotted and issued under the Rights Issue, hence the aggregate number of Shares in issue as fully paid as enlarged immediately after completion of the Rights Issue would be 229,418,448 Shares as at the date of the AGM, the Company will be allowed:
 - (a) under the Issue Mandate, to issue a maximum of 45,883,689 Shares, the number to the nearest to but not exceeding 20% of the issued share capital of the Company at the date of passing the resolution; and
 - (b) under the Repurchase Mandate, to repurchase a maximum of 22,941,844 Shares, the number to the nearest to but not exceeding 10% of the issued share capital of the Company at the date of passing the resolution.

LETTER FROM THE BOARD

Please refer to the Company's announcements dated 21 January 2022, 4 March 2022 and 22 March 2022 and its Circular respectively, for details regarding the Rights Issue.

The full text of the three resolutions to be proposed at the AGM as referred to above are set out in Resolution 7 ("Issue Mandate"), Resolution 8 ("Repurchase Mandate") and Resolution 9 ("Extension of Share Issue Mandate") in the notice of the AGM contained in pages 20 to 24 of this circular.

The aforesaid mandates, unless revoked or varied by way of ordinary resolutions of the Shareholders in general meeting, will expire at the conclusion of the next annual general meeting of the Company, which will be convened on or before 30 June 2023, at which time it shall lapse unless, by ordinary resolutions passed at that meeting, the authority is renewed, either unconditionally or conditionally.

In accordance with the requirements set out in the GEM Listing Rules, the Company is required to send to its Shareholders an explanatory statement containing requisite information to consider the Repurchase Mandate subject to certain restrictions, which are set out in Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. Accordingly, Mr. Mock Wai Yin ("Mr. Mock"), Mr. Chan Chi Keung Alan ("Mr. Chan") and Ms. Lau Mei Ying ("Ms. Lau") shall retire by rotation at the AGM under the provisions of the Articles and, all of them being eligible, offer themselves for re-election.

LETTER FROM THE BOARD

The Company has in place a Nomination Policy which sets out, among others, the selection criteria and the nomination procedures for appointment and re-appointment of Directors. The process used for identifying suitable candidates for appointment as Directors (including independent non-executive Directors) involves nominations from the nomination committee of the Company (the “Nomination Committee”) or invitation of nominations from the Board members. In the case of re-appointment of existing Directors (including independent non-executive Directors), the Nomination Committee considers, among others, the performance and contribution of each retiring Director and his/her independence in case he/she is an independent non-executive Director and to make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

Recommendations to the Board for the proposal for re-election of Mr. Mock as an executive Director, and each of Mr. Chan and Ms. Lau as an independent non-executive Director were made by the Nomination Committee, taking into account of the re-election of Directors in previous annual general meetings and with regard to a range of diversity perspectives as set out in the board diversity policy of the Company. The Board has accepted the recommendations taking into account of the valuable contributions made by the retiring Directors in their term of service with the Company, and is of the view that each of them would continue bring to the Board their own perspectives, skills and experience. Further, the Board has reviewed the independence of both of Mr. Chan and Ms. Lau. Both of them have met the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and have given their annual confirmation of independence to the Company for the current year. The Board therefore considers them to be independent and believe that they should be re-elected as the Company has benefited from their extensive professional and business experiences and specific knowledge as detailed in Appendix II, so that they will bring further contributions to the Board and the Company and to enhance diversity of the Board.

Mr. Chan was appointed as independent non-executive director of the Company in June 2011, and has been serving such capacity for more than nine years. Mr. Chan is also a member of each of the audit committee, remuneration committee and nomination committee of the Company. Mr. Chan has been providing objective and independent views to the Company during his tenure of office and remains committed to his independent role. Taking into consideration of his independent scope of work in the past years, confirmation of independence received by the Company and he has not been engaging in executive management of the Group, given his perspective, extensive professional experience and expertise contributing to the Company and the Board throughout his years of service, the Board considers Mr. Chan to be independent under the GEM Listing Rules despite that he has served the Company for more than nine years, and believes that he will remain committed to his independent role and continue to contribute to the Company and the Board with his relevant experience and knowledge. The Board therefore recommends Mr. Chan for re-election at the AGM. His further appointment should be subject to a separate resolution to be approved by the Shareholders at the AGM.

LETTER FROM THE BOARD

Details of all the aforesaid Directors proposed to be re-elected as Directors at the AGM, which are required to be disclosed under the GEM Listing Rules, are set out in Appendix II to this circular.

AGM

The notice convening the AGM is set out on pages 20 to 24 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy to the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish and in such event, the proxy form shall be deemed to be revoked.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, all proposed resolutions put to vote at the AGM shall be taken by way of poll.

CLOSURE OF REGISTER OF MEMBERS FOR THE AGM

The Company's register of members will be closed for transfer of the Shares to determine the rights to attend and vote at the AGM from 26 May 2022 to 31 May 2022 (both dates inclusive). No transfer of Shares will be registered during this book closure period. In order to qualify for attending and voting at the AGM, all transfers of Shares, accompanied by the relevant Share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 25 May 2022.

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed granting of the Issue Mandate, the Repurchase Mandate, the Extension of Share Issue Mandate and the re-election of the retiring Directors are in the best interests of the Company and the Shareholders as a whole, the Directors therefore recommend Shareholders to vote in favour of such relevant resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
Cornerstone Financial Holdings Limited
Gao Ran
Chairman

This appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide the requisite information to you for your consideration of the Repurchase Mandate.

SHAREHOLDERS' APPROVAL

The GEM Listing Rules provide that all repurchase of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

SHARE CAPITAL

As at the Latest Practicable Date, 57,354,612 Shares were in issue and fully paid. At the EGM held on 22 March 2022, the resolution approving the Rights Issue was duly passed by the Independent Shareholders by way of poll. Provided that the Rights Issue would have become unconditional on 22 April 2022, it is expected that a total of 172,063,836 Rights Shares would be allotted and issued on 26 April 2022, the aggregate number of Shares in issue as fully paid as enlarged immediately after completion of the Rights Issue would then be 229,418,448 Shares. Please refer to the Company's announcements dated 21 January 2022, 4 March 2022 and 22 March 2022 and its Circular respectively, for details regarding the Rights Issue.

Subject to the passing of the relevant ordinary resolutions at the AGM and (i) on the basis that no further Shares are issued and repurchased prior to the AGM and without taking into account the effect of the Rights Issue, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 5,735,461 Shares, the number to the nearest to but not exceeding 10% of the issued share capital of the Company as at the date of passing the resolution; (ii) on the basis that a total of 172,063,836 Rights Shares are allotted and issued under the Rights Issue, hence the aggregate number of Shares in issue as fully paid as enlarged immediately after completion of the Rights Issue would then be 229,418,448 Shares; and no Shares are repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 22,941,844 Shares, the number to the nearest to but not exceeding 10% of the issued share capital of the Company as at the date of passing the resolution.

REASONS FOR REPURCHASE

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares in the market. Repurchase of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders as a whole. Such repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

FUNDING OF REPURCHASE

Any repurchase will only be funded out of funds of the Company legally available for the purpose of making the proposed purchases in accordance with the Company's Memorandum and Articles of Association and the laws of the Cayman Islands.

EFFECT OF EXERCISING THE REPURCHASE MANDATE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company's audited accounts for the year ended 31 December 2021) in the event that the repurchase of Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase of Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DIRECTORS AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their respective Close Associates have any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Share to the Company.

No Core Connected Persons have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

EFFECT OF THE TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights and may give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Based on the Company's records as at the Latest Practicable Date, Mr. An Xilei ("Mr. An"), an executive Director and the deputy chairman of the Company, held 6,800,000 Shares representing approximately 11.86% of the existing issued share capital of the Company, i.e. he is a substantial shareholder who is entitled to exercise, or control the exercise of 10% or more of the voting power at any general meeting of the Company. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, the percentage shareholding of Mr. An will increase to approximately 13.17%, under the scenarios that (i) if the existing issued share capital of the Company would remain unchanged without taking into account of the effect of the Rights Issue, or (ii) if the issued share capital of the Company would be enlarged upon completion of the Rights Issue and if Mr. An would participate in the Rights Issue to take up his rights entitlement on a pro-rata basis so as to maintain his pro rata shareholding in the Company. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The above shareholding change is for illustrative purpose only and Mr. An has not undertaken whether to take up his rights entitlement or not, so the actual change is subject to various factors including results of the Rights Issue. The Directors have no present intention to exercise the Repurchase Mandate to such an extent as would result in any takeover obligation.

SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the six months immediately preceding the Latest Practicable Date, whether on GEM or otherwise.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve months before the Latest Practicable Date were as follows:

	Share Prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2021		
March	0.345	0.230
April	0.275	0.230
May	0.365	0.290
June	0.360	0.300
July	0.330	0.250
August	0.580	0.285
September	0.690	0.275
October	0.310	0.250
November	0.700	0.265
December	0.540	0.250
2022		
January	0.520	0.330
February	0.430	0.380
March (1 March 2022 to the Latest Practicable Date)	0.415	0.342

Note: The above share prices have been adjusted for the Right Issue.

As required by the GEM Listing Rules, the following are the particulars of the Directors proposed to be re-elected at the AGM:

1. MR. MOCK WAI YIN

Mr. MOCK Wai Yin (“Mr. Mock”), aged 49, was appointed as an executive Director on 27 November 2015. Currently, he is also an authorised representative (pursuant to Rule 5.24 of the GEM Listing Rules), the compliance officer (pursuant to Rule 5.19 of the GEM Listing Rules) and a member of the corporate governance committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Mock holds a Master of Philosophy degree in Biochemistry from The Chinese University of Hong Kong and a Master of Science degree in Hazard Analysis and Critical Control Point from University of Salford. He also holds a Postgraduate Diploma in Professional Accounting. Mr. Mock has over 15 years of experience in research analysis and over three years of world-wide experience in natural resources, project investment and property development as well as project valuation and budget management. He was an executive director of Boill Healthcare Holdings Limited (a company listed on the Stock Exchange with stock code: 1246) from July 2015 to December 2018, and of South East Group Limited (now known as DIT Group Limited, a company listed on the Stock Exchange with stock code: 726) from December 2013 to February 2015.

Save as disclosed above, Mr. Mock did not hold any directorship in other listed public companies in the last three years prior to the Latest Practicable Date, nor does he have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Mock did not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

Mr. Mock entered into a letter of appointment with the Company, pursuant to the terms and conditions of which his service term is subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles. The letter of appointment can be terminated by either party giving to the other party three months’ notice in writing. He is entitled to a fixed salary of HK\$40,000 per month, which was determined by the Board with reference to the recommendation from the remuneration committee of the Company and his duties and responsibilities with the Company and the Group as a whole, the remuneration policy of the Company as well as the prevailing marketing rate; and discretionary bonus if considered appropriate and be determined by the Board from time to time, with reference to his services and contribution to the Company. For the year ended 31 December 2021, Mr. Mock has received director’s emoluments in a total sum of HK\$480,000.

Save as disclosed above, there are no other matters concerning Mr. Mock that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to the requirements of Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

2. MR. CHAN CHI KEUNG ALAN

Mr. CHAN Chi Keung Alan (“Mr. Chan”), aged 58, was appointed an independent non-executive Director on 9 June 2011. He is a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Chan is a qualified solicitor admitted in England & Wales in October 1991 and in Hong Kong in February 1992 and has practiced corporate and commercial law for more than two decades. Mr. Chan is an independent non-executive director, and a member of each of the audit committee and nomination committee of Changyou Alliance Group Limited (formerly known as Fortunet e-Commerce Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1039). He was an independent non-executive director of L & A International Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8195), from September 2014 to October 2015; and was also an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee of BOSA Technology Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8140) from 19 June 2018 to 29 February 2020. Previously, Mr. Chan was the senior general counsel of Imperial Pacific International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1076), which owns an exclusive casino gaming license in Saipan, Commonwealth of Northern Mariana Islands, and prior to that, he was the Vice President, Legal of NagaCorp Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3918) which owns, manages and operates the largest integrated gaming, leisure and entertainment hotel complex in the Kingdom of Cambodia, as well as the Head of Legal Services for the Hong Kong Jockey Club. Mr. Chan started his career in 1992 in Hong Kong as a corporate finance lawyer with Stephenson Harwood & Lo. He later acted as the senior assistant director, legal department, of the Land Development Corporation (now known as Urban Renewal Authority). Mr. Chan was the legal counsel for one of the leading US information technology companies, Sun Microsystems for Greater China, the Asia Pacific legal director for St. Jude Medical, and the vice president of Legal Affairs at Celestial Pictures Limited, a subsidiary of Astro All Asia Networks Plc., a Malaysian company that carries out business relating to cross media, in particular, direct-to-home television services, commercial radio and television programming. Celestial Pictures Limited is a commercial media company that owns and distributes the largest film library in Asia, including the Shaw Brothers film library, with worldwide entertainment assets in the motion picture, television, and new media industries. Mr. Chan obtained a Bachelor of Science degree in Civil Engineering from the Aston University of Birmingham, England in July 1986 and a LLB in China Law from the China University of Political Science and Law, Beijing, PRC in June 1999. He is a registered civil celebrant in Hong Kong and served as a board director (and former chairman) of Theatre Space Foundation Limited, a theatrical drama performance charitable institution; an Honorary Legal Advisor of each of Community Careage Foundation Limited, a charitable organization with objectives to relief sickness, physical and mental disability of poor elderlies in the community; and Tong Sam Charity Association with objectives to build schools and provide other educational support to children in need. Mr. Chan is a Council Member of the China Overseas Friendship Association, Beijing, China; legal advisor of the Hong Kong Chiu Chow Community Organizations Limited and the Overseas Teo Chew Entrepreneurs Association Limited.

Save as disclosed above, Mr. Chan did not hold any directorship in other listed public companies in the last three years prior to the Latest Practicable Date, nor does he have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Chan did not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

Mr. Chan entered into a service contract with the Company for a term of one year commencing from the Listing Date renewable automatically for successive terms of one year, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than one month's notice in writing served by either party on the other. Mr. Chan does not hold any salaried office in the Company. He is entitled to a fixed director's fee determined by the Board with reference to the recommendation from the remuneration committee of the Company, his duties and responsibilities with the Company, the remuneration policy of the Company as well as the prevailing marketing rate; and discretionary bonus if considered appropriate and be determined by the Board from time to time, with reference to his services and contribution to the Company. For the year ended 31 December 2021, Mr. Chan has received director's fee in a total sum of HK\$120,000.

Save as disclosed above, there are no other matters concerning Mr. Chan that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to the requirements of Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

3. MS. LAU MEI YING

Ms. LAU Mei Ying, aged 39, was appointed as an independent non-executive Director on 27 November 2015. Currently, she is also a member of each of the audit committee, the nomination committee, the remuneration committee and the corporate governance committee of the Company. Ms. Lau graduated from The Chinese University of Hong Kong with a bachelor degree of Social Science in Economics. Ms. Lau has extensive experiences in the financial market and insurance underwriting. She has been a fellow member of Life Management Institute issued by Life Office Management Association since November 2008. Ms. Lau was an executive director of PacRay International Holdings Limited (stock code: 1010) from 31 August 2017 to 14 April 2021; and an independent non-executive director of Boill Healthcare Holdings Limited (stock code: 1246) from 15 July 2015 to 17 July 2017.

Save as disclosed above, Ms. Lau did not hold any directorship in other listed public companies in the last three years prior to the Latest Practicable Date, nor does she have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. Lau did not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

Ms. Lau entered into a letter of appointment with the Company, pursuant to the terms and conditions of which her service term is subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles. The letter of appointment can be terminated by either party giving to the other party three months' notice in writing. She is entitled to a fixed director's fee determined by the Board with reference to the recommendation from the remuneration committee of the Company and her duties and responsibilities with the Company, the remuneration policy of the Company as well as the prevailing marketing rate; and discretionary bonus if considered appropriate and be determined by the Board from time to time, with reference to her services and contribution to the Company. For the year ended 31 December 2021, Ms. Lau has received director's fee in a total sum of HK\$120,000.

Save as disclosed above, there are no other matters concerning Ms. Lau that need to be brought to the attention of the Shareholders and there is no other information to be disclosed pursuant to the requirements of Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

NOTICE OF AGM



(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8112)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cornerstone Financial Holdings Limited (the “Company”) will be held at Room 802, 8th Floor, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong on Tuesday, 31 May 2022 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated accounts and the reports of the directors and of the auditors for the year ended 31 December 2021;
2. To re-elect Mr. Mock Wai Yin as an executive director of the Company;
3. To re-elect Mr. Chan Chi Keung Alan as an independent non-executive director of the Company;
4. To re-elect Ms. Lau Mei Ying as an independent non-executive director of the Company;
5. To authorize the board of directors of the Company to fix the directors’ remuneration;
6. To re-appoint Yongtuo Fuson CPA Limited as auditors of the Company and to authorize the board of directors of the Company to fix their remuneration;
7. To consider as special business, and if thought fit, to pass the following resolution as Ordinary Resolution:

“THAT:

- (A) subject to paragraph (C) below, and pursuant to the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue or otherwise deal with additional shares in the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby approved generally and unconditionally;

NOTICE OF AGM

- (B) the approval in paragraph (A) above shall be in addition to any other authorization given to the directors of the Company and shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (C) the aggregate number of shares of the Company allotted, issued and dealt with, or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (A) of this Resolution, otherwise than pursuant to:
- (i) a Rights Issue (as defined below); or
 - (ii) the exercise of or the grant of any option under the Company's share option scheme(s); or
 - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares pursuant to the Articles of Association of the Company from time to time,

shall not exceed 20% of the aggregate number of shares of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required either by any applicable laws or by the Articles of Association of the Company to be held; and
- (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to the holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares, subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong.”

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8. To consider as special business, and if thought fit, to pass the following resolution as an Ordinary Resolution:

“THAT:

- (A) subject to paragraph (B) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to repurchase issued shares in the capital of the Company on GEM and/or on any other stock exchange(s) on which the shares may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the GEM Listing Rules (or of any other stock exchange) as amended from time to time, be and is hereby generally and unconditionally approved;
- (B) the aggregate number of shares authorized to be repurchased or agreed conditionally or unconditionally to be repurchased by the directors of the Company pursuant to the approval in paragraph (A) above shall not exceed 10% of the aggregate number of shares of the Company in issue as at the date of this Resolution, and the said approval shall be limited accordingly; and

for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required either by any applicable laws or by the Articles of Association of the Company to be held; and
- (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of an ordinary resolution of the shareholders in general meeting.”

NOTICE OF AGM

9. To consider as special business, and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**THAT** conditional upon the passing of Ordinary Resolutions numbered 7 and 8 as set out in the Notice convening this meeting, the aggregate number of shares of the Company that shall have been repurchased by the Company after the date thereof pursuant to and in accordance with the said Ordinary Resolution 8 shall be added to the aggregate number of shares that may be allotted, issued and disposed of or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to the general mandate to allot and issue shares granted to the directors of the Company by the said Ordinary Resolution 7.”

By order of the Board
Cornerstone Financial Holdings Limited
Gao Ran
Chairman

Hong Kong, 30 March 2022

Notes:

- i. A member entitled to attend and vote at the meeting convened is entitled to appoint another person(s) as his proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- ii. If a member of the Company wishes to nominate a person other than the existing directors of the Company to stand for election as a director of the Company, the following documents must be validly lodged no later than 30 April 2022 at the head office of the Company at Room 802, 8th Floor, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong or the Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, namely (i) his/her notice of intention to propose a resolution at the meeting; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with his/her contact details.
- iii. To be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the meeting or any adjournment thereof should he so wish.
- iv. The Register of Members of the Company will be closed from 26 May 2022 to 31 May 2022 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 25 May 2022.

NOTICE OF AGM

- v. If “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning is in effect any time after 8:00 a.m. on the date of the annual general meeting, the meeting will be postponed. The Company will post an announcement to notify Shareholders of the date, time and place of the rescheduled meeting on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.cs8112.com.
- vi. In view of the outbreak of the novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement certain measures at the meeting, details of which are set out in the section headed “PRECAUTIONARY MEASURES FOR THE AGM” on page 4 of the circular of the Company dated 30 March 2022, to safeguard the health and safety of the attending shareholders of the Company, staff and other stakeholders.

Furthermore, the Company wishes to advise the Shareholders, particularly the Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the meeting as a proxy to vote on the resolutions, instead of attending the meeting in person.

As at the date of this notice, the Board comprises Mr. Gao Ran (Chairman), Mr. An Xilei, 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.