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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) GREEN FACILITY AGREEMENT **AND** **(2) PROPOSED ISSUE OF UNLISTED WARRANTS** **UNDER SPECIFIC MANDATE**

Financial Adviser to the Company



建泉融資有限公司
VBG Capital Limited

THE GREEN FACILITY AGREEMENT

The Board is pleased to announce that:

- On 30 March 2022 (after trading hours), the Company as borrower, Captain Source Limited, a company managed and controlled by Gaw Capital, as lender, Arranger and Green Loan Advisor, the Guarantors, and the Administrative Parties, entered into the Green Facility Agreement, pursuant to which the Lender agreed to grant a secured term loan facility in an aggregate amount of HK\$150,000,000 to the Borrower. This loan facility is the Company's first green loan facility.
- The Lender is managed and controlled by Gaw Capital and its affiliates. Gaw Capital is a private equity fund management company focusing on real estate and private equity markets in Asia Pacific and other high barrier-to-entry markets globally. Gaw Capital's investments span the entire spectrum of real estate sectors, including carparks, residential development, offices, retail malls, hospitality, logistics warehouses and Internet data centre projects.
- The Company intends to use the proceeds of the Loan under the Green Loan Facility to (i) finance or refinance in whole or in part, one or more of its new or existing Green Project(s) and (ii) finance payments of the contract price for the sub-contract agreement(s) to be entered into by a Cornerstone Contracting Party as contractor and the sub-contractor for the installation of electric vehicle charging-enabling infrastructure and associated installations for the car parks approved by the Environmental Protection Department of the Government of Hong Kong under the "EV-charging at Home Subsidy Scheme" established by the Government of Hong Kong.

- The rate of interest on each Loan under the Green Loan Facility shall be 10% per annum.
- The repayment date of each Loan under the Green Loan Facility shall be the date falling 18 months after the date of drawdown of such Loan.
- Details of the security for the Loan and all other sums due and payable under the Green Facility Agreement and other ancillary documents are set out in the section headed “**Security**” of this announcement.

PROPOSED ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

- In consideration of the granting of the Green Loan Facility by the Lender to the Company (Borrower), on 30 March 2022 (after trading hours), the Company entered into the following Subscription Agreements:
 - (1) the Subscription Agreement A with Subscriber A, a company managed and controlled by Gaw Capital, pursuant to which the Company agreed to issue to Subscriber A an aggregate of 153,000,000 Subscriber A Warrants comprising the Tranche 1 Warrants and Tranche 2 Warrants conferring the rights to subscribe for an aggregate of 153,000,000 Subscriber A Warrant Shares at the initial Warrant Subscription Price of HK\$0.50 per Warrant Share (subject to adjustment).
 - (2) the Subscription Agreement B with Subscriber B, a company managed and controlled by Gaw Capital, pursuant to which the Company agreed to issue to Subscriber B 27,000,000 Subscriber B Warrants conferring the rights to subscribe for an aggregate of 27,000,000 Subscriber B Warrant Shares at the initial Warrant Subscription Price of HK\$0.50 per Warrant Share (subject to adjustment).
- The subscription rights attached to the Warrants will be exercisable within 60 months from the date of the issue of the Warrants. The aggregate number of the Warrant Shares to be issued will be 180,000,000 Warrant Shares, representing (i) approximately 29.62% of the total issued shares of the Company as at the date of this announcement and (ii) approximately 22.85% of the issued share capital of the Company as enlarged by the Warrant Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the date of completion of the Subscription).
- The Warrant Shares will be issued under the Specific Mandate to be sought at the EGM.
- The issue of the Warrants is subject to conditions precedent, the details of which are set out in the section headed “**Conditions Precedent**” of this announcement.
- No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

GEM LISTING RULES IMPLICATIONS

- Pursuant to Rule 21.02(1) of the GEM Listing Rules, the Warrant Shares to be issued on the exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on the exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued.
- Options granted under share option schemes which comply with Chapter 23 of the GEM Listing Rules are excluded for the purpose of such limit.

Exercise of subscription rights attaching to all the Tranche 1 Warrants in full

- As at the date of this announcement, assuming there shall only be an exercise of the subscription rights attaching to all the Tranche 1 Warrants in full under the Subscription Agreement A, an aggregate of 120,000,000 Warrant Shares will be issued, representing approximately 19.74% of the issued share capital of the Company in compliance with Rule 21.02(1) of the GEM Listing Rules.

Exercise of subscription rights attaching to all the Warrants

- As at the date of this announcement, assuming there shall be an exercise of the subscription rights attaching to all the Warrants (i.e. Subscriber A Warrants and Subscriber B Warrants) in full under the Subscription Agreements, an aggregate of 180,000,000 Warrant Shares will be issued, representing approximately 29.62% of the issued share capital of the Company exceeding the prescribed limit stipulated by Rule 21.02(1) of the GEM Listing Rules. Accordingly, as stated in the section headed “**Key Undertakings by the Company**”, the Company has given an undertaking to the Subscribers that the Company shall not issue any of the Warrant Shares under the Subscription Agreements until the Company has a sufficient issued share capital so that the Warrant Shares shall not exceed 20% as required by Rule 21.02(1) of the GEM Listing Rules (i.e. the Company’s issued share capital shall be larger than 900,000,000 Shares). As at the date of this announcement, the Company does not have any equity securities with subscription rights outstanding and not yet exercised and which are required to be aggregated with the Warrant Shares in accordance with Rule 21.02(1) of the GEM Listing Rules.
- All the Warrant Shares will be issued and allotted under the Specific Mandate to be sought at the EGM.

EGM

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the issue of Warrants and the transactions contemplated thereunder, including the issue of Warrant Shares upon exercise of the Warrants. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the issue of Warrants, accordingly, no Shareholders will be required to abstain from voting at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Subscription Agreements, the issue of the Warrants, and the issue and allotment of the Warrant Shares; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Completion of the Subscription is subject to the fulfillment of the conditions precedent set forth in the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE GREEN FACILITY AGREEMENT

On 30 March 2022 (after trading hours), the Company as borrower, Captain Source Limited, a company managed and controlled by Gaw Capital, as lender, Arranger and Green Loan Advisor, the Guarantors, and the Administrative Parties, entered into the Green Facility Agreement, pursuant to which the Lender agreed to grant a term loan facility in an aggregate amount of HK\$150,000,000 to the Borrower. This loan facility is the Company's first green loan facility.

Principal terms of the Green Facility Agreement are set out below:

- Date : 30 March 2022 (after trading hours)
- Parties : (i) Borrower: the Company;
- (ii) Lender, Arranger and Green Loan Advisor: Captain Source Limited, a company managed and controlled by Gaw Capital;
- (iii) Guarantors: Cornerstone EV Holdings Limited, Cornerstone EV Charging Service Limited, Mass Bright Technology Limited, Cornerstone EV Charging Contracting Limited, Cornerstone EV International Limited and Cornerstone EV International Trading Limited (collectively the Guarantors); and
- (iv) Administrative Parties: SERICA AGENCY LIMITED as the Agent, security agent and custodian

Facility amount	:	A term loan facility in an aggregate amount of HK\$150,000,000
Interest rate	:	The rate of interest on each Loan under the Green Loan Facility shall be 10% per annum.
Availability period	:	the period from and including the date of the Green Facility Agreement to and including the date which is 18 months after the date of the Green Facility Agreement or the extended period as agreed between the Borrower and the Lender
Repayment date	:	The repayment date of each Loan under the Green Loan Facility shall be the date falling 18 months after the date of drawdown of that Loan.
Drawdown of the Loan	:	Drawdown of the Loan is subject to the conditions precedents as set out in the Green Facility Agreement.
Purpose of the Loan	:	The Company intends to use the proceeds of the Loan under the Green Loan Facility to (i) finance or refinance in whole or in part, one or more of its new or existing Green Project(s) and (ii) finance payments of the contract price for the sub-contract agreement(s) to be entered into by a Cornerstone Contracting Party as contractor and the sub-contractor for the installation of electric vehicle charging-enabling infrastructure and associated installations for the car parks approved by the Environmental Protection Department of the Government of Hong Kong under the “EV-charging at Home Subsidy Scheme” established by the Government of Hong Kong.

Subject to the terms and conditions of the Green Facility Agreement, the Non-refundable Arrangement Fee at the rate of 1.0% on the loan limit committed by the Lender in the amount of HK\$1,500,000 shall be payable by the Borrower to the Arranger by the earlier of (a) the date falling 10 Business Days after the date of the Green Facility Agreement and (b) the date of the first utilisation of the Green Loan Facility.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Captain Source Limited, SERICA AGENCY LIMITED and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Security

The payment and discharge of the Secured Obligations relating to the Loan and all other sums due and payable by the Chargors under the Finance Documents are secured by the Chargors having entered into:

- (i) the Composite Debenture;
- (ii) the Deed of Subordination and Assignment; and
- (iii) the Cash Security Agreement.

Green Undertakings

Pursuant to the terms and conditions of the Green Facility Agreement, the Company has, among others, undertaken the following in relation to the Lender granting the Green Loan Facility to the Company:

- the Company shall provide the Agent with:
 - a report containing description of the Green Project(s) to which the proceeds of any Green Loan have been applied and the amounts so allocated to each of such Green Project, together with the Financial Statements and other required forms; and
 - information regarding any changes to the Green Financing Framework and a copy of the updated Green Financing Framework, if such changes relate to the Green Project(s) to which the proceeds of any Green Loan have been allocated, not later than 10 Business Days prior to such changes becoming effective.
- the Green Financing Framework sets out, among others:
 - the environmental sustainability objectives of the Company in respect of the financing of the Green Project(s);
 - the process by which the Company determines how the Green Project(s) fits within the Green Project Categories and the Borrower has an established process of project evaluation and selection; and
 - the related eligibility criteria, including if applicable, excluded activities, or any other process applied to identify and manage potentially material environmental risks associated with the Green Project(s).

- the Company shall ensure that the proceeds of the Green Loan are tracked by the Company in an appropriate manner, so as to maintain transparency and to promote the integrity of the Green Loan.
- the Borrower shall maintain policies and procedures to enable it to track the allocation of funds towards the Green Project(s) financed with a Green Loan and monitor and evaluate on an on-going basis, in accordance with indicators acceptable to the Lender, to ensure that the Green Project(s) complies with the Green Loan Principles and fits within the Green Financing Framework.
- if required by the Lender (acting reasonably), the Company shall promptly deliver to the Lender any supporting evidence requested to (i) verify the use of any Green Loan proceeds disbursed, and/or (ii) show that the Green Project(s) financed with the Green Loan fits within one or more of the Green Project Categories.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE GREEN FACILITY AGREEMENT

The Lender is managed and controlled by Gaw Capital and its affiliates as at the date of this announcement. Gaw Capital is a private equity fund management company focusing on real estate and private equity markets in Asia Pacific and other high barrier-to-entry markets globally. Gaw Capital's investments span the entire spectrum of real estate sectors, including carparks, residential development, offices, retail malls, hospitality, logistics warehouses and Internet data centre projects.

The Company's economic, environmental and social benefits ambition has long sought to impact the society by contributing to fostering the transition to a low-carbon economy through the encouragement of clean transportation and energy efficiency. Through the Company's research and development and adoption of advanced technology, the Company strives to answer to the pressing environmental and social challenges today. As the Green Loan Facility will be for the purpose of financing or refinancing in whole or in part, one or more of its new or existing Green Project(s), the Directors believe that the Green Loan Facility will help the Company to continue develop its economic, environmental and social benefits ambition, and promote economic, environmental and social benefits and sustainable development. By establishing the Green Financing Framework with the help from a professional external consultant, the Hong Kong Sustainability Strategic Advisory Limited, the Company can ensure that the fund raised can be allocated to the desired green projects with expected economic, environmental and social benefits generated.

The Directors (including the independent non-executive Directors) consider that on the basis that (i) the Green Loan Facility provided to the Company under the Green Facility Agreement will provide resources for the Group to develop and expand its EV-charging business through participation in the installation of electric vehicle charging-enabling infrastructure and associated installations for the car parks approved by the Environmental Protection Department of the Government of Hong Kong under the “EV-charging at Home Subsidy Scheme” established by the Government of Hong Kong and (ii) the link up with Gaw Capital will provide the Group the opportunity to access into global resources and financing and to supply and install EV charging-enabling infrastructure for carparks managed and controlled by Gaw Capital, the terms of the Green Facility Agreement are fair and reasonable and the entering into of the Green Facility Agreement by the Company is in the interest of the Company and its Shareholders as a whole.

The Green Facility Agreement and the transactions contemplated thereunder do not constitute any notifiable transaction of the Company under the GEM Listing Rules.

PROPOSED ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

The Board is pleased to announce that, on 30 March 2022 (after trading hours), in consideration of the granting of the Green Loan Facility by the Lender to the Company (Borrower), the Company has entered into the following Subscription Agreements:

- (1) the Subscription Agreement A with Subscriber A, a company managed and controlled by Gaw Capital, pursuant to which the Company agreed to issue to Subscriber A an aggregate of 153,000,000 Subscriber A Warrants comprising Tranche 1 Warrants and Tranche 2 Warrants conferring the rights to subscribe for an aggregate of 153,000,000 Subscriber A Warrant Shares at the initial Warrant Subscription Price of HK\$0.50 per Warrant Share (subject to adjustment).
- (2) the Subscription Agreement B with Subscriber B, a company managed and controlled by Gaw Capital, pursuant to which the Company agreed to issue to Subscriber B 27,000,000 Subscriber B Warrants conferring the rights to subscribe for an aggregate of 27,000,000 Subscriber B Warrant Shares at the initial Warrant Subscription Price of HK\$0.50 per Warrant Share (subject to adjustment).

Principal terms of the Subscription Agreements are set out below:

THE SUBSCRIPTION AGREEMENTS

Date : 30 March 2022 (after trading hours)

Parties : (i) the Company, as the issuer in respect of each Subscription Agreement;

(ii) Subscriber A, as the subscriber in respect of the Subscription Agreement A; and

(iii) Subscriber B, as the subscriber in respect of the Subscription Agreement B.

Issuer of Warrants : the Company

Number of Warrants : (i) an aggregate of 153,000,000 Subscriber A Warrants comprising:

- (a) Tranche 1 Warrants: 120,000,000 Subscriber A Warrants conferring rights to subscribe for 120,000,000 Subscriber A Warrant Shares to be issued by the Company to Subscriber A pursuant to the terms and conditions of the Subscription Agreement A and the warrants instrument;
- (b) Tranche 2 Warrants: 33,000,000 Subscriber A Warrants conferring rights to subscribe for 33,000,000 Subscriber A Warrant Shares to be issued by the Company to Subscriber A pursuant to the terms and conditions of the Subscription Agreement A and the warrants instrument to Subscriber A in respect of the Subscription Agreement A; and

(ii) an aggregate of 27,000,000 Subscriber B Warrants conferring rights to subscribe for 27,000,000 Subscriber B Warrant Shares to be issued by the Company to Subscriber B pursuant to the terms and conditions of the Subscription Agreement B and the warrants instrument to Subscriber B in respect of the Subscription Agreement B.

Initial Warrant Subscription Price : HK\$0.50 per Warrant Share

Subscription Period : Each Warrant carries the right to subscribe for one (1) Warrant Share at the initial Warrant Subscription Price. The subscription rights attaching to the Warrants may be exercised at any time during the five-year period commencing from the date of issue of the Warrants.

Warrant Shares : The Warrant Shares will be issued under the Specific Mandate to be sought at the EGM.

- Adjustment to Warrant Subscription Price : The Warrant Subscription Price will be subject to adjustments in the following events:
- i. consolidation, subdivision or re-classification of Shares;
 - ii. capitalization of profits or reserves; and
 - iii. distributions.
- Listing of Warrants : No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.
- Transferability : The Warrants shall be transferable in integral multiples of 1,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants is less than 1,000,000 units, the whole but not in part of the outstanding Warrants) to third parties who are independent of and not connected with the Company or any of its connected persons other than a competitor of the Company. Any transfer of the Warrants to connected persons of the Company shall be subject to the Company's written consent and compliance with the GEM Listing Rules and applicable regulations.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

Conditions Precedent

Tranche 1 Warrants

Completion of the issue of Tranche 1 Warrants is conditional upon the following conditions precedent being fulfilled (or waived where applicable) to the satisfaction of Subscriber A under the Subscription Agreement A ("**Tranche 1 Conditions Precedent**"):

- (a) the Company having obtained all necessary consents, authorisations and approvals in relation to the issue of the Subscriber A Warrants, the relevant Warrants Transaction Documents and the transactions contemplated thereunder and such consents, authorisations and approvals shall remain in full force and effect and shall not have been revoked or amended in a manner not acceptable to Subscriber A;
- (b) the Stock Exchange having approved the issue of the Subscriber A Warrants;
- (c) the Stock Exchange having granted or agreeing to grant a listing of and permission to deal in the Subscriber A Warrant Shares to be issued upon an exercise of the subscription rights attaching to the Subscriber A Warrants (and such listing and permission not being subsequently revoked);

- (d) the relevant Warrants Transaction Documents relating to the subscription of Tranche 1 Warrants and transactions contemplated thereunder and the Specific Mandate having been approved by the Shareholders in accordance with the GEM Listing Rules and the articles of association of the Company;
- (e) at the date of completion, (i) the warranties under the Subscription Agreement A remaining true, accurate and not misleading at, and as if made on, such date; and (ii) the Company shall have performed all of its obligations under the relevant Warrants Transaction Documents expressed to be performed on or before such date, and no breach of any provision of any relevant Warrants Transaction Documents by the Company; and
- (f) all issued Shares remaining listed on, and not having been withdrawn from, the Stock Exchange and save for any temporary suspension of not more than ten consecutive trading days or any suspension pending clearance of any announcement or in connection with any announcement required to be made under the GEM Listing Rules (in each case, excluding any suspension in the trading of the Shares on the Stock Exchange pending the clearance or release of any announcement or circular relating to the transactions contemplated under the Subscription Agreement A), the Stock Exchange not having indicated that it will object to the listing status of the Shares and there being no events or circumstances existing based on which the Stock Exchange could reasonably be expected to raise such objection or that will adversely affect the listing status of the Shares.

Tranche 2 Warrants and Subscriber B Warrants

Completion of the issue of Tranche 2 Warrants and Subscriber B Warrants are conditional upon the following conditions precedent being fulfilled (or waived where applicable) to the satisfaction of the relevant Subscriber (“**Tranche 2 and Subscriber B Conditions Precedent**”, together with the Tranche 1 Conditions Precedent, the “**Conditions Precedent**”):

- (a) the Company and/or its subsidiaries having executed 25 Head Contracts;
- (b) the Company having obtained all necessary consents, authorisations and approvals in relation to the issue of the relevant Warrants, the relevant Warrants Transaction Documents and the transactions contemplated thereunder and such consents, authorisations and approvals shall remain in full force and effect and shall not have been revoked or amended in a manner not acceptable to the relevant Subscribers;
- (c) the Stock Exchange having approved the issue of the relevant Warrants;
- (d) the Stock Exchange having granted or agreeing to grant a listing of and permission to deal in the relevant Warrant Shares to be issued upon an exercise of the subscription rights attaching to the relevant Warrants (and such listing and permission not being subsequently revoked);

- (e) the relevant Warrants Transaction Documents relating to the subscription of the relevant Warrants and transactions contemplated thereunder and the Specific Mandate having been approved by the Shareholders in accordance with the GEM Listing Rules and the articles of association of the Company;
- (f) at the date of the relevant completion, (i) the warranties under the relevant Subscription Agreement remaining true, accurate and not misleading at, and as if made on, such date; and (ii) the Company shall have performed all of its obligations under the relevant Warrants Transaction Documents expressed to be performed on or before such date, and no breach of any provision of any relevant Warrants Transaction Documents by the Company; and
- (g) all issued Shares remaining listed on, and not having been withdrawn from, the Stock Exchange and save for any temporary suspension of not more than ten consecutive trading days or any suspension pending clearance of any announcement or in connection with any announcement required to be made under the GEM Listing Rules (in each case, excluding any suspension in the trading of the Shares on the Stock Exchange pending the clearance or release of any announcement or circular relating to the transactions contemplated under the relevant Subscription Agreement), the Stock Exchange not having indicated that it will object to the listing status of the Shares and there being no events or circumstances existing based on which the Stock Exchange could reasonably be expected to raise such objection or that will adversely affect the listing status of the Shares.

The Company shall use its best endeavours to procure and ensure due fulfilment of each and all of the Conditions Precedent. The relevant Subscriber may, to such extent as it thinks fit and is legally entitled to do so, at any time waive in writing any of the Conditions Precedent on such terms as they may decide (save for the paragraphs (a), (b) and (c) above of the Tranche 1 Conditions Precedent, and the paragraphs (b), (c) and (d) above of the Tranche 2 and Subscriber B Conditions Precedent, respectively, which cannot be waived). If any of the Conditions Precedent referred to above is not fulfilled (or waived, as the case may be) at or before the Long Stop Date, unless otherwise agreed between the Company and the relevant Subscriber in writing, the relevant Subscription Agreement, together with any transaction contemplated hereunder, shall terminate and be of no force and effect and no parties to such relevant Subscription Agreement shall have any liability to the other party, save in respect of any antecedent breaches.

The Warrant Shares

Assuming the subscription rights attaching to the Subscriber A Warrants are exercised in full, no more than 153,000,000 Subscriber A Warrant Shares will be allotted and issued under the Specific Mandate, which represent

- (i) approximately 25.17% of the total issued share capital of the Company as at the date of this announcement; and

- (ii) approximately 20.11% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscriber A Warrant Shares in full (assuming there will be no change in the issued share capital of the Company between the date of this announcement and immediately prior to the allotment and issue of the Subscriber A Warrant Shares).

The Subscriber A Warrant Shares have (i) an aggregate nominal value of approximately HK\$1,530,000, and (ii) a market value of HK\$140.8 million, based on the closing price of HK\$0.92 per Share on the Last Trading Day.

Assuming the subscription rights attaching to the Subscriber B Warrants are exercised in full, no more than 27,000,000 Subscriber B Warrant Shares will be allotted and issued under the Specific Mandate, which represent

- (i) approximately 4.44% of the total issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 4.25% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscriber B Warrant Shares in full (assuming there will be no change in the issued share capital of the Company between the date of this announcement and immediately prior to the allotment and issue of the Subscriber B Warrant Shares).

The Subscriber B Warrant Shares have (i) an aggregate nominal value of approximately HK\$270,000, and (ii) a market value of HK\$24.8 million, based on the closing price of HK\$0.92 per Share on the Last Trading Day.

The Initial Warrant Subscription Price

The initial Warrant Subscription Price of HK\$0.50 represents:

- (a) a discount of approximately 35.76% to the prior 30 trading days' volume-weighted average price upon the signing of the Subscription Agreements;
- (b) a discount of approximately 45.65% to the closing price of HK\$0.92 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 44.44% to the average closing price of approximately HK\$0.90 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the date immediately preceding the Last Trading Day.

The initial Warrant Subscription Price above was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the Shares, current market sentiment, the Group's financial position, the historical Share price, liquidity of the Shares in the market and the market conditions. The Directors (including all independent non-executive Directors) consider that the initial Warrant Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of the Warrant Shares

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

Completion

Completion of the issue of Tranche 1 Warrants shall take place on the second Business Day following the date on which the Tranche 1 Conditions Precedent are fulfilled (or waived, as the case may be) or such other date as may be agreed between the Company and Subscriber A.

Completion of the issue of Tranche 2 Warrants and the Subscriber B Warrants shall take place on the earlier of (i) the second Business Day following the date on which the Tranche 2 and Subscriber B Conditions Precedent are fulfilled (or waived, as the case may be) and (ii) 30 March 2023, being twelve (12) months from the date of the relevant Subscription Agreement, or such other date as may be agreed between the Company and the relevant Subscriber.

Key Undertakings by the Company

The Company undertakes to the Subscribers, in each of their respective Subscription Agreement, that during the period between the date of the Subscription Agreements until the earlier of (i) the expiry of the Subscription Period of the relevant Warrants; and (ii) all of the relevant Warrants being transferred to a third party independent of the Subscribers, unless the consent is obtained from the relevant Subscriber, it shall procure that the Board shall at all times have authority, and shall keep available sufficient ordinary share capital and authorised share capital, to grant the relevant Warrants on the relevant respective date of completion and to issue the relevant Warrant Shares on exercise of any subscription right attaching to the relevant Warrants, in each case, in accordance with the terms of the relevant Subscription Agreement, the warrants instrument and the applicable regulations (including but not limited to the minimum amount of issued Shares as at the date of issue of the Warrants under Rule 21.02(1) of the GEM Listing Rules) and free of any pre-emption rights.

INFORMATION ON THE PARTIES AND THE REASONS FOR AND THE BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENTS

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on GEM of the Stock Exchange. The Group is principally engaged in the provision of printing, typesetting and translation services and electric vehicle charging business in Hong Kong.

The Lender, Subscriber A and Subscriber B are managed and controlled by Gaw Capital and are owned by a consortium led by GAW GROWTH EQUITY FUND I, LPD (“**Growth Fund**”) and Gaw Capital. The Growth Fund is a fund principally engaged in long term investment in private equity markets in the Asia Pacific region. Gaw Capital is a private equity fund management company focusing on real estate and private equity markets in Asia Pacific and other high barrier-to-entry markets globally. Gaw Capital’s investments span the entire spectrum of real estate sectors, including carparks, residential development, offices, retail malls, hospitality, logistics warehouses and Internet data centre projects.

In consideration of the Lender agreeing to enter into the Green Facility Agreement with the Company, the Company has agreed to issue the Warrants to the Subscribers under the Subscription Agreements. The Directors considered that on the basis that (i) the link up with Gaw Capital will provide the Group the opportunity to access into global resources and financing and to supply and install EV charging-enabling infrastructure for carparks managed and controlled by Gaw Capital; (ii) the strengthening of shareholder base through Gaw Capital as institutional investor holding an equity interest in the Company from the exercise of the Warrants as well as considering (iii) the issue of the Warrants will not cause immediate dilution to the shareholdings of existing Shareholders, the issue of the Warrants will be beneficial to the Company.

Upon the exercise of the subscription rights attaching to the Warrants in full, the proceeds from the Subscription are expected to be approximately HK\$90,000,000. It is intended that the proceeds received by the Company from the Subscription will be utilized for funding electric vehicle charging installation projects and general working purposes of the Group.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants.

EFFECT OF THE ISSUE OF WARRANT SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 607,790,541 Shares in issue. Set out below are the shareholding structure of the Company (i) as at the date of this announcement; and (ii) under the following three scenarios arising from different acceptance ratios upon full exercise of the subscription rights attached to the Warrants:

- (i) shareholding immediately upon the allotment and issue of the Tranche 1 Warrant Shares; no allotment and issue of Tranche 2 Warrant Shares and Subscriber B Warrant Shares (Scenario I);
- (ii) shareholding immediately upon the allotment and issue of the Warrant Shares (Scenario II) (*Note 3*).

Shareholders	Shareholding as at the date of this announcement		Scenario I		Scenario II (<i>Note 3</i>)	
	Number of Shares held	Approximately % of Shares in issue	Number of Shares held	Approximately % of Shares in issue	Number of Shares held	Approximately % of Shares in issue
Golden Fortune Global Limited (<i>Note 1</i>)	235,603,225	38.76%	235,603,225	32.37%	235,603,225	29.91%
Glorytwin Limited	81,000,000	13.33%	81,000,000	11.13%	81,000,000	10.28%
Lau Wai Yan Lawson (<i>Note 2</i>)	30,302,703	4.99%	30,302,703	4.16%	30,302,703	3.85%
Pen Wen Yuan	23,872,000	3.93%	23,872,000	3.28%	23,872,000	3.03%
Li Man Keung Edwin	19,112,613	3.14%	19,112,613	2.63%	19,112,613	2.43%
Public Shareholders						
Subscriber A						
– Tranche 1	–	–	120,000,000	16.49%	–	–
– Tranche 1 & Tranche 2	–	–	–	–	153,000,000	19.42%
Subscriber B	–	–	–	–	27,000,000	3.43%
Other public shareholders	217,900,000	35.85%	217,900,000	29.94%	217,900,000	27.65%
Total	607,790,541	100.00%	727,790,541	100.00%	787,790,541	100.00%

Note:

- (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 of the Company, and as to 49% by Mr. Liang Zihao, the executive Director and Co-Chairman of the Board of the Company.
- (2) As at the date of this announcement, 22,802,703 Shares are held by Cornerstone Wealth Holdings Limited which is wholly-owned by Mr. Lau Wai Yan Lawson, the executive Director of the Company.
- (3) Scenario II is for illustrative purpose only. Pursuant to GEM Listing Rule 21.02, the Tranche 2 Warrants and Subscriber B Warrants cannot be issued unless the total number of shares issued is greater than 900,000,000 Shares.

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
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 utilised in accordance with the intended use

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 21.02(1) of the GEM Listing Rules, the Warrant Shares to be issued on the exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on the exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 23 of the GEM Listing Rules are excluded for the purpose of such limit.

Exercise of subscription rights attaching to all the Tranche 1 Warrants in full

As at the date of this announcement, assuming there shall only be an exercise of the subscription rights attaching to all the Tranche 1 Warrants in full under the Subscription Agreement A, an aggregate of 120,000,000 Warrant Shares will be issued, representing approximately 19.74% of the issued share capital of the Company in compliance with Rule 21.02(1) of the GEM Listing Rules.

Exercise of subscription rights attaching to all the Warrants in full

As at the date of this announcement, assuming there shall be an exercise of the subscription rights attaching to all the Warrants (i.e. the Subscriber A Warrants and Subscriber B Warrants) in full under the Subscription Agreements, an aggregate of 180,000,000 Warrant Shares will be issued, representing approximately 29.62% of the issued share capital of the Company exceeding the prescribed limit stipulated by Rule 21.02(1) of the GEM Listing Rules. Accordingly, as stated in the section headed “**Key Undertakings by the Company**”, the Company has given an undertaking to the Subscribers that the Company shall not issue any of the Warrant Shares under the Subscription Agreements until the Company has a sufficient issued share capital so that the Warrant Shares shall not exceed 20% as required by Rule 21.02(1) of the GEM Listing Rules (i.e. the Company’s issued share capital shall be larger than 900,000,000 Shares). As at the date of this announcement, the Company does not have any equity securities with subscription rights outstanding and not yet exercised and which are required to be aggregated with the Warrant Shares in accordance with Rule 21.02(1) of the GEM Listing Rules.

All the Warrant Shares will be issued and allotted under the Specific Mandate to be sought at the EGM.

EGM

The Company will seek approval of the Specific Mandate from the Shareholders at the EGM to issue the Warrants and the Warrant Shares upon the exercise thereof. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and the permission to deal in the Warrant Shares, which may fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchange.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the issue of Warrants and the transactions contemplated thereunder, including the issue of Warrant Shares upon exercise of the Warrants. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the issue of Warrants, accordingly, no Shareholders will be required to abstain from voting at the EGM.

General

A circular containing, among other things, (i) further details of the Subscription Agreements, the issue of the Warrants, and the issue and allotment of the Warrant Shares; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Completion of the Subscription is subject to the fulfillment of the Conditions Precedent. 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 words and expressions shall have the following meanings when used herein:

“Administrative Parties”	SERICA AGENCY LIMITED as agent, security agent and custodian
“Agent”	SERICA AGENCY LIMITED
“Ancillary Documents”	the fee letter, utilisation request, extension request and any other document designated as such by the Agent and the Borrower or by the Arranger and the Borrower
“Arranger”	Captain Source Limited
“Board”	the board of Directors
“Borrower”	the Company
“Business Day”	a day (other than a Saturday, Sunday and public or statutory holiday) on which licensed banks are open for general business throughout their normal business hours in Hong Kong
“Cash Security Agreement”	cash security agreement dated 30 March 2022 entered into between the Company as company and the Security Agent as security agent
“Chargors”	collectively the Company and the Guarantors and “Chargor” shall mean any of them
“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)
“Composite Debenture”	the debenture dated 30 March 2022 entered into between the Chargors as chargors and the Security Agent as chargee
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Cornerstone Contracting Party”	Cornerstone EV Charging Service Limited or any of the other Obligor parties to the Composite Debenture

“Cornerstone EV Charging Contracting Limited”	A wholly owned subsidiary of the Company that is incorporated in Hong Kong with company registration number 3130714 and its registered office at Office Units 1107-11, 11th Floor, New East Ocean Centre, No. 9 Science Museum Road, Kowloon, Hong Kong
“Cornerstone EV Charging Service Limited”	collectively owned subsidiary of the Company that is incorporated in Hong Kong with company registration number 2720096 and its registered office at Room K, 26/F., Maxgrand Plaza, 3 Tai Yau Street, San Po Kong, Kowloon, Hong Kong
“Cornerstone EV Holdings Limited”	a wholly owned subsidiary of the Company that is incorporated under the laws of the British Virgin Islands with limited liability, with company number 1981819 and its registered office at 4th Floor, Water’s Edge Building, Meridian Plaza, Road Town, Tortola, VG1110, British Virgin Islands
“Cornerstone EV International Limited”	a wholly owned subsidiary of the Company that is incorporated under the laws of the British Virgin Islands with limited liability, with company number 2090342 and its registered office at 4th Floor, Water’s Edge Building, Meridian Plaza, Road Town, Tortola, VG1110, British Virgin Islands
“Cornerstone EV International Trading Limited”	a wholly owned subsidiary of the Company that is incorporated in Hong Kong with company registration number 3130719 and its registered office at Office Units 1107-11, 11th Floor, New East Ocean Centre, No. 9 Science Museum Road, Kowloon, Hong Kong
“Deed of Subordination and Assignment”	the deed of subordination and assignment having or to be entered into between, amongst others, the Borrower (and the Guarantors), the relevant subordinated creditors, the relevant debtors and the Security Agent
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, (i) the Subscription Agreements; (ii) the Specific Mandate for the issuance and allotment of the Warrant Shares and the transactions contemplated thereunder
“Elegance Finance Printing Services Limited”	a wholly owned subsidiary of the Company that is incorporated in Hong Kong with company registration number 0500821 and its registered office at 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

“Elegance Printing Company Limited”	a wholly owned subsidiary of the Company that is incorporated in Hong Kong with company registration number 353791 and its registered office at 7/F., Oceanic Industrial Centre, No. 2 Lee Lok Street, Ap Lei Chau, Hong Kong
“Finance Documents”	collectively the Green Facility Agreement, the Transaction Security Documents and Ancillary Documents
“Financial Statements”	the audited consolidated financial statements for the relevant year that is to be supplied to the Agent as soon as the same become available, but in any event within 120 days after the end of the relevant financial year
“Gaw Capital”	Gaw Capital Partners
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules	the Rules Governing the Listing of Securities on GEM
“Green Facility Agreement”	the green facility agreement dated 30 March 2022 for the term facility of HK\$150,000,000 entered into amongst the Company as borrower, the Lender as lender, Arranger and Green Loan Advisor, the Guarantors, and the Security Agent
“Green Financing Framework”	the “Cornerstone Technologies Holdings Limited Green Financing Framework”, which documents, among other things, the sustainability strategy of the Group and the green projects
“Green Loan”	a Loan utilized as payments to an approved sub-contractor for their fees for carrying out services in relation to a Head Contract
“Green Loan Advisor”	Captain Source Limited
“Green Loan Facility”	the term loan facility in an aggregate amount of HK\$150,000,000 made available under the Green Facility Agreement
“Green Loan Principles”	the Green Loan Principles jointly published from time to time by the Loan Market Association, Asia Pacific Loan Market Association and Loan syndications & Trading Association, or any replacement principles relating to green loans approved by the Agent acting on the instructions of the Lender

“Green Project”	a project which (i) complies with the requirements in the Green Financing Framework; (ii) falls within one of the categories of eligibility in the Green Project Categories; and (iii) has been approved as a green project by the Lender
“Green Project Categories”	eligibility for a Green Project as recognized under the Green Loan Principles
“Group”	the Company and its subsidiaries
“Guarantors”	collectively Cornerstone EV Holdings Limited, Cornerstone EV Charging Service Limited, Mass Bright Technology Limited, Cornerstone EV Charging Contracting Limited, Cornerstone EV International Limited and Cornerstone EV International Trading Limited
“Head Contract”	a contract for engaging the services of the Cornerstone Contracting Party as contractor for the installation works of EV charging-enabling infrastructure and associated installations in car parks approved by the Environmental Protection Department of the Government of Hong Kong to be eligible for the subsidy under the “EV-charging at Home Subsidy Scheme” established by the Government of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	30 March 2022, being the date of the Subscription Agreements
“Lender”	Captain Source Limited
“Listing Committee”	the Listing Committee of the Stock Exchange
“Loan”	a loan made or to be made under the Green Loan Facility
“Long Stop Date”	30 June 2022
“Mass Bright Technology Limited”	a wholly owned subsidiary of the Company that is incorporated in Hong Kong with company registration number 2945640 and its registered office at 2402 China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

“Non-refundable Arrangement Fee”	the non-refundable arrangement fee payable by the Borrower on the terms and subject to the conditions set out in the Green Facility Agreement and as set out in the section headed “The Green Facility Agreement” of this announcement
“Obligors”	collectively the Borrower and the Guarantors and “ Obligor ” means each one of them
“Secured Obligations”	all present and future obligations and liabilities from time to time incurred by each Transaction Obligor to the Lender under or in connection with the Finance Documents
“Security Agent”	SERICA AGENCY LIMITED
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specific Mandate”	the specific mandate to be approved by the Shareholders at the EGM which authorises the Directors to allot, issue and deal with the Warrant Shares upon full exercise of the Warrants
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively Subscriber A and Subscriber B, companies managed and controlled by Gaw Capital
“Subscriber A”	Steady Flake Limited, a company incorporated in the Cayman Islands which is managed and controlled by Gaw Capital, the principal activity of which is investment holding
“Subscriber A Warrants”	an aggregate of 153,000,000 warrants, comprising the Tranche 1 Warrants and Tranche 2 Warrants, conferring rights to subscribe for 153,000,000 Subscriber A Warrant Shares to be issued by the Company to Subscriber A pursuant to the terms and conditions of the Subscription Agreement A and the warrants instrument
“Subscriber A Warrant Shares”	up to initially an aggregate of 153,000,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to all the Subscriber A Warrants in full under the Subscription Agreement A

“Subscriber B”	Seed Lock Limited, a company incorporated in the British Virgin Islands which is managed and controlled by Gaw Capital, the principal activity of which is investment holding
“Subscriber B Warrants”	27,000,000 warrants conferring rights to subscribe for 27,000,000 Subscriber B Warrant Shares to be issued by the Company to Subscriber B pursuant to the terms and condition of the Subscription Agreement B and the warrants instrument
“Subscriber B Warrant Shares”	up to initially an aggregate of 27,000,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to all the Subscriber B Warrants in full under the Subscription Agreement B
“Subscriptions”	collectively Subscription A and Subscription B
“Subscription A”	the subscription for the Subscriber A Warrants by Subscriber A upon the terms and subject to the conditions of the Subscription Agreement A
“Subscription Agreements”	collectively the Subscription Agreement A and the Subscription Agreement B, and “Subscription Agreement” shall mean any of them
“Subscription Agreement A”	the subscription agreement dated 30 March 2022 entered into between the Company and Subscriber A in relation to the issue of Subscriber A Warrants
“Subscription Agreement B”	the subscription agreement dated 30 March 2022 entered into between the Company and Subscriber B in relation to the issue of Subscriber B Warrants
“Subscription B”	the subscription for the Subscriber B Warrants by Subscriber B upon the terms and subject to the conditions of the Subscription Agreement B
“Subscription Period”	the five-year period commencing from the date of issue of the Warrants
“Tranche 1 Warrants”	120,000,000 warrants conferring rights to subscribe for 120,000,000 Subscriber A Warrant Shares to be issued by the Company to the Subscriber A pursuant to the terms and conditions of the Subscription Agreement A and the warrants instrument

“Tranche 2 Warrants”	33,000,000 warrants conferring rights to subscribe for 33,000,000 Subscriber A Warrant Shares to be issued by the Company to Subscriber A pursuant to the terms and conditions of the Subscription Agreement A and the warrants instrument
“Transaction Obligors”	collectively the Obligors, Elegance Printing Company Limited, Elegance Finance Printing Services Limited and Tanner Enterprises Group Limited and “Transaction Obligor” means each one of them
“Transaction Security Documents”	collectively, amongst other things, the Composite Debenture, the Deed of Subordination and Assignment, the Cash Security Agreement and any other document evidencing or creating or expressed to evidence or create security over any asset to secure any obligation of any Obligor to the Lender under the Finance Documents
“Warrants”	collectively the Subscriber A Warrants and the Subscriber B Warrants
“Warrant Shares”	collectively the Subscriber A Warrant Shares and the Subscriber B Warrant Shares and “ Warrant Share ” shall mean any of them
“Warrant Subscription Price”	an initial exercise price of HK\$0.50 per Warrant Share (subject to adjustment) at which holder of the Warrants may subscribe for the Warrant Share(s)
“Warrants Transaction Documents”	collectively, amongst others, the Subscription Agreements, warrant instrument and any other documents relating to the transactions contemplated therein
“%”	per cent

On behalf of the Board
Cornerstone Technologies Holdings Limited
LIANG Zihao
Co-Chairman and Executive Director

Hong Kong, 31 March 2022

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.