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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)**

**MAJOR AND CONNECTED TRANSACTION**  
**DISPOSAL OF INTERESTS IN SUBSIDIARIES**

**THE DISPOSAL**

On 15 August 2023 (after trading hours), the Company entered into a Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 100% equity interest of the Target Companies, at an aggregate consideration of HK\$1.00, in accordance with the terms and conditions of the Sale and Purchase Agreement.

Upon Completion of the Disposal, the Target Companies will cease to be the subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

**GEM LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser is a company incorporated in the British Virgin Islands with limited liability, beneficially wholly-owned by Mr. Liang. As at the date of the announcement, Mr. Liang is an executive Director and a controlling Shareholder who is interested in approximately 31.3% of the total issued Shares by virtue of his personal interest and his 49% interest in Global Fortune Global Limited. As such, the Purchaser is an associate of Mr. Liang and a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the GEM Listing Rules.

As at the date of the announcement, Global Fortune Global Limited is owned as to 51% and 49% by Mr. Wu Jianwei and Mr. Liang, hence, each of Mr. Liang, Mr. Wu Jianwei and Global Fortune Global Limited are connected persons of the Company under Chapter 20 of the GEM Listing Rules and are required to abstain from voting on the relevant resolutions at the EGM.

Mr. Liang and Mr. Wu Jianwei, as Directors, are considered to have a material interest in the Disposal, therefore they did not participate in the Board's deliberations on the Disposal and had abstained from voting on the Board's resolution.

As one or more than one of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules for the Sale and Purchase Agreement are more than 25% but less than 75%, the entering into of the Sale and Purchase Agreement constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and will be required to abstain from voting on the resolution(s) to approve the Disposal and the transactions contemplated thereunder at the EGM.

#### **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors has been established to give a recommendation to the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are on commercial terms or better and fair and reasonable, and whether the Disposal is in the interests of the Company and Shareholders as a whole. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

#### **EGM**

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing (i) the details of the Sale and Purchase Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iv) the notice of the EGM and proxy form, will be despatched as soon as practicable in accordance with the GEM Listing Rules.

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

## **THE DISPOSAL**

On 15 August 2023 (after trading hours), the Company entered into a Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 100% equity interest of the Target Companies, at an aggregate consideration of HK\$1.00, in accordance with the terms and conditions of the Sale and Purchase Agreement.

### **The Sale and Purchase Agreement**

Set out below are the principal terms of the Sale and Purchase Agreement:

#### **Date**

15 August 2023

#### **Parties**

- (1) The Company (as vendor); and
- (2) Castle Noble International Limited (as purchaser)

(collectively, the “**Parties**”)

As at the date of this announcement, the Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability, beneficially wholly-owned by Mr. Liang. As at the date of the announcement, Mr. Liang is an executive Director and a controlling Shareholder who is interested in approximately 31.3% of the total issued Shares by virtue of his personal interest and his 49% interest in Global Fortune Global Limited. As such, the Purchaser is an associate of Mr. Liang and a connected person of the Company under Chapter 20 of the GEM Listing Rules.

#### **Assets to be Disposed**

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to sell to the Purchaser the Sale Shares.

## **The Consideration**

The consideration payable by the Purchaser to the Company for the Disposal is HK\$1.00, which has been determined after arm's length negotiations between the Purchaser and the Company with reference to, among other things, (i) the unaudited combined net liabilities value of the Target Group attributable to the Company as at 30 June 2023 of approximately HK\$22.1 million; (ii) the financial performance of the Target Group; (iii) the preliminary valuation of the Target Group; and (iv) the prevailing market conditions as set out under the section headed "Reasons for and benefits of the Disposal" below.

The consideration will be payable by the Purchaser to the Company in cash upon Completion.

## **Conditions Precedent**

Completion of the Disposal is conditional upon:

- a) passing of the necessary resolution(s) at the EGM by the Independent Shareholders to approve the Sale and Purchase Agreement; and
- b) compliance with all other applicable laws, rules and regulations including but not limiting to the GEM Listing Rules for the transactions contemplated under the Sale and Purchase Agreement.

None of the above conditions can be waived.

The Company and the Purchaser shall use (to the extent they are able) their respective best endeavours to procure the fulfilment of the above conditions on or before the Long Stop Date. If any of the above conditions precedent shall not have been fulfilled in all respects prior to the Long Stop Date, the Sale and Purchase Agreement shall be terminated automatically and of no further effect and all liabilities and obligations of the Parties shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the Parties hereto which shall have accrued prior to such termination.

## **Completion**

Completion shall take place at within 7 Business Days after all the conditions of the Sale and Purchase Agreement have been fulfilled or such other time as the Company and the Purchaser may agree. Upon Completion, the Vendor shall deliver or cause to be delivered to the Purchaser, among other things, a duly executed instrument of transfer in favour of the Purchaser and/or its nominee(s) in respect of the Sale Shares, the relevant share certificates and the counterparts of the Deed of Assignment in respect of the Sale Loan duly executed by the Company and the Target Companies.

Upon completion of the Disposal, the Target Companies will cease to be subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

## INFORMATION ON THE GROUP

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

## INFORMATION ON THE TARGET GROUP

The Target Companies are incorporated in the British Virgin Islands with limited liability, which are wholly-owned subsidiaries of the Company. The Target Group is principally engaged in the provision of printing, typesetting and translation services in Hong Kong.

Set out below are the unaudited combined financial information of Target Group for the year ended 31 December 2021 and 2022 and for the six months ended 30 June 2023:

	<b>For the six months ended 30 June 2023</b> approximately <i>HK\$'000</i> (unaudited)	<b>For the year ended 31 December 2022</b> approximately <i>HK\$'000</i> (unaudited)	<b>For the year ended 31 December 2021</b> approximately <i>HK\$'000</i> (unaudited)
Revenue	24,283	48,316	48,288
Loss before tax	(7,991)	(32,445)	(15,889)
Loss after tax	(7,991)	(31,229)	(15,377)
	<b>As at 30 June 2023</b> approximately <i>HK\$'000</i> (unaudited)	<b>As at 31 December 2022</b> approximately <i>HK\$'000</i> (unaudited)	<b>As at 31 December 2021</b> approximately <i>HK\$'000</i> (unaudited)
Net (liabilities)/assets	(29,060)	(21,069)	10,160

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Target Group is principally engaged in the provision of printing, typesetting and translation services in Hong Kong.

Owing to the intensive peer competition in the financial printing services industry and the fluctuating market condition, the financial results of the Target Group deteriorated and recorded losses before tax of approximately HK\$15.4 million, HK\$31.2 million and HK\$8.0 million for the years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, respectively and net liabilities of approximately HK\$29.1 million as at 30 June 2023.

As the Group's financial printing business has been continuously loss-making for the past years together with the uncertainties of the future of the financial market in Hong Kong, while the Group has established the electric vehicle charging business, the Directors consider that the Disposal allows the Company to reduce losses and to deploy the Group's resources from the underperforming financial printing business to the Group's electric vehicle charging business.

The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the independent financial adviser) consider that the terms and conditions of the Sale and Purchase Agreement were entered into on normal commercial terms and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE DISPOSAL**

Upon Completion, the Company will cease to hold any shares in the Target Companies and the Target Companies will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to any changes to the aforementioned unaudited financial information on the Completion Date and the review by the auditors of the Company upon finalisation of the consolidated financial statements of the Group.

## **GEM LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser is a company incorporated in the British Virgin Islands with limited liability, beneficially wholly-owned by Mr. Liang. As at the date of the announcement, Mr. Liang is an executive Director and a controlling Shareholder who is interested in approximately 31.3% of the total issued Shares by virtue of his personal interest and his 49% interest in Global Fortune Global Limited. As such, the Purchaser is an associate of Mr. Liang and a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the GEM Listing Rules.

As at the date of the announcement, Global Fortune Global Limited is owned as to 51% and 49% Mr. Wu Jianwei and Mr. Liang, hence, each of the Mr. Liang, Mr. Wu Jianwei and Global Fortune Global Limited are connected persons of the Company under Chapter 20 of the GEM Listing Rules and are required to abstain from voting on the relevant resolutions at the EGM.

Mr. Liang and Mr. Wu Jianwei, as Directors, are considered to have a material interest in the Disposal, therefore they did not participate in the Board's deliberations on the Disposal and had abstained from voting on the Board's resolution.

As one or more than one of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules for the Sale and Purchase Agreement are more than 25% but less than 75%, the entering into of the Sale and Purchase Agreement constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Sale and Purchaser Agreement and the transactions contemplated thereunder, and will be required to abstain from voting on the resolution(s) to approve the Disposal and the transactions contemplated thereunder at the EGM.

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors has been established to give a recommendation to the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are on commercial terms or better and fair and reasonable, and whether the Disposal is in the interests of the Company and Shareholders as a whole. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

## EGM

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing (i) details of the Sale and Purchase Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iv) the notice of the EGM and proxy form, will be despatched as soon as practicable in accordance with the GEM Listing Rules.

**Completion of the Disposal is subject to fulfilment of the conditions under the Sale and Purchase Agreement. As the Disposal 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 terms have the following meanings:

“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Cornerstone Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM (stock code: 8391)
“Completion”	completion of the Disposal
“Deed of Assignment”	the deed of assignment to be entered into between the Vendor and the Purchaser pursuant to which the Vendor shall assign the Loan to the Purchaser
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement



“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholder(s) other than those that are required under the GEM Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM
“Long Stop Date”	being 31 December 2023 (or any other date agreed in writing by the Company and the Purchaser)
“Mr. Liang”	Mr. Liang Zihao, an executive Director and a controlling Shareholder
“Purchase”	Castle Noble International Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, and it is wholly-owned by Mr. Liang
“Sale and Purchase Agreement”	the sale and purchase agreement entered between the Company and Purchaser on 15 August 2023 in respect of the Disposal
“Loan”	the amount of the shareholder’s advance outstanding and owed by the Target Companies to the Company as at any relevant time and, in the context of Completion, the amount outstanding as at the date of Completion including all other obligations, liabilities and debts owing or incurred by the Target Companies to the Company on or at any time prior to the date of Completion
“Sale Shares”	the 100% equity interest in the Target Companies held by the Company
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Elegance Printing Holding Limited and Elegance Printing Services Holding Limited
“Target Group”	Target Companies and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

On behalf of the Board  
**Cornerstone Technologies Holdings Limited**  
**LI Man Keung Edwin**  
*Vice Chairman and Executive Director*

Hong Kong, 15 August 2023

*As at the date of this announcement, the executive Directors are Mr. LIANG Zihao, Mr. LI Man Keung Edwin, Mr. SAM Weng Wa Michael, Mr. PAN Wenyuan, Ms. WU Yanyan and Mr. YIP Shiu Hong, the non-executive Director is Mr. WU Jianwei and the independent non-executive Directors are Mr. TAM Ka Hei Raymond, Mr. YUEN Chun Fai, Ms. ZHU Xiaohui and Mr. KO Shu Ki Kenneth.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days after the date of publication and on the Company’s website at [www.cstl.com.hk](http://www.cstl.com.hk).*