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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) PROPOSED ISSUE OF NEW SHARES UNDER
SPECIFIC MANDATE TO MANAGEMENT;**
**(2) PROPOSED ISSUE OF NEW SHARES UNDER
SPECIFIC MANDATE FOR THE CONSULTANT; AND**
(3) ADOPTION OF SHARE AWARD SCHEME

Financial Adviser to the Company



PROPOSED ISSUE OF NEW SHARES TO MANAGEMENT

On 28 June 2024, the Board has resolved to award an aggregate performance bonus to the Awardees in the amount of approximately HK\$64,761,950 or the equivalent Award Shares at the price per Share of HK\$0.55 totaling 117,749,000 Award Shares subject to the Vesting Conditions by way of issue and allotment of new Shares pursuant to the Award Shares Specific Mandate.

Reference is made to the announcements of the Company dated 7 October 2021 and 5 November 2021, whereby the Company has entered into separate service contracts with Mr. Yip, Mr. Ho and Mr. Ng respectively, pursuant to which each of the service contracts comprise performance bonuses that involve a cash bonus and/or the issue of Shares subject to the performance targets stated in their respective service contracts. Subject to the terms and conditions of the service contracts, the Company has agreed to conditionally issue and allot the Emolument Shares.

**PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR
CONSULTANT**

The Company has conditionally agreed to issue and allot the Consultant Shares to the Consultant as part of the Consultant's service fee under the Service Agreement. The Consultant Shares will be issued and allotted pursuant to the Consultant Specific Mandate approved by the Shareholders.

PROPOSED ADOPTION OF THE SHARE AWARD SCHEME

The Board proposed adopting the 2024 Share Award Schemes. The 2024 Share Award Scheme will take effect upon the satisfaction of the following conditions:

- (i) passing of ordinary resolutions by the Shareholders at the EGM to approve the adoption of the 2024 Share Award Scheme and to authorise the Remuneration Committee to grant Awards thereunder and to allot, issue and deal with Shares pursuant to the grant of any Awards in accordance with the rules of the 2024 Share Award Scheme, provided that the allotment and issuance of new Shares under the 2024 Share Award Scheme or any other share schemes of the Company shall not exceed the Scheme Mandate Limit; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to Awards that may be granted under the 2024 Share Award Scheme.

EGM

As the Award Shares, Emolument Shares and the Consultant Shares will be allotted and issued under the Specific Mandates, to be granted at the next EGM, the issue and allotment of the Award Shares, Emolument Shares and Consultant Shares is subject to the Shareholders' approval. The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the Award Shares Specific Mandate; (ii) the Emolument Specific Mandate; (iii) the Consultant Specific Mandate; and (iv) the adoption of the Share Award Scheme.

To the best knowledge of the Directors, as at the date of this announcement, the Awardees will be required to abstain from voting on the resolution(s) approving the Award Shares Specific Mandate and the Emolument Shares Specific Mandate. A circular containing, among other things, (i) details of the issue and allotment of the Award Shares; (ii) the Award Shares Specific Mandate; (iii) details of the issue and allotment of the Emolument Shares; (iv) the Emolument Specific Mandate; (v) details of the issue and allotment of the Consultant Shares; (vi) details of the Share Award Scheme; and (vii) a notice convening the EGM, will be despatched as soon as practicable to the Shareholders in accordance with the GEM Listing Rules.

PROPOSED ISSUE OF NEW SHARES TO MANAGEMENT

On 28 June 2024, the Board has resolved to award an aggregate performance bonus to the Awardees in the amount of approximately HK\$64,761,950 or the equivalent Award Shares at the price per Share of HK\$0.55 totaling 117,749,000 Award Shares subject to the Vesting Conditions by way of issue and allotment of new Shares pursuant to the Award Shares Specific Mandate.

The key terms of the proposed issue of Award Shares are set out below.

Number of Award Shares: A total of 117,749,000 Award Shares, representing approximately 13.0% of the existing total issued Shares of the Company and approximately 11.5% of the total issued Shares of the Company as enlarged by the issue of the Award Shares. The Award Shares are granted to the following connected persons of the Company with details as follows:

Name	Title	Number of Award Shares
Mr. Yip	Chief Executive Officer and Director	45,288,000
Mr. Lau	director of subsidiary of the Company	27,173,000
Mr. Ho	Chief Financial Officer	22,644,000
Mr. Ng	Chief Operating Officer	22,644,000
	Total	<u>117,749,000</u>

Mr. Yip has abstained from voting on approving the relevant board resolution on the award of the Award Shares to himself.

Value of Award Shares: approximately HK\$61,229,480 in aggregate based on the Last Trading Day of HK\$0.520;

approximately HK\$61,935,974 based on the closing price of HK\$0.526 per Share as quoted on the Stock Exchange on last five consecutive trading days immediately preceding the date of the 28 June 2024; and

the aggregate nominal value of the Award Shares is approximately HK\$1,177,490.

Conditions and schedule of issue: The issue of the Award Shares will be subject to (i) the Shareholders' approval and the Stock Exchange granting approval for the listing of, permission to deal in, the Award Shares; and (ii) the specific appraisal objectives and rules for vesting of the Award Shares are set out below:

- (a) Cornerstone Home signed monthly subscribers reaching 2,200 on a cumulative basis;
- (b) Cornerstone GO members reaching 50,000;

- (c) EHSS accumulated awarded contracts reaching HK\$150 million;
- (d) Proportion of revenue coming from recurring income hitting 15%;
- (e) Total annual revenue reaching HK\$200 million;
- (f) Gross profit margin maintained at minimum 15% at the HK\$200 million revenue mark;
- (g) Net Cashflow positive position (EBITDA excluding share-based payment becomes positive);
- (h) Average Market capitalization for 10 trading days reaching HK\$1 billion;
- (i) Completion of 250 stations in Thailand; and
- (j) EBITDA excluding share-based payment of THB100 million in Thailand

Status of the Award Shares:

The Award Shares, when issued and fully paid, shall rank pari passu among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment.

Price of the Award Shares

The price of HK\$0.55 per Award Share represents:

- (a) a premium of approximately 5.8% to the closing price of HK\$0.520 per Share as quoted on the Stock Exchange on 28 June 2024, being the date of this announcement; and
- (b) a premium of approximately 4.6% to the average closing price of HK\$0.526 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of this announcement.

The price was arrived at after arm's length negotiations between the Company and the Awardees with reference to the recent market prices of the Shares and current market conditions. The Directors consider that the terms and conditions of the grant of the Award Shares (including the price of the Award Share) were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Issue of the Emolument Shares

Reference is made to the announcements of the Company dated 7 October 2021 and 5 November 2021, whereby the Company has entered into separate service contracts with Mr. Yip, Mr. Ho and Mr. Ng respectively, pursuant to which each of the service contracts comprise performance bonuses that involve a cash bonus and/or the issue of Shares subject to the performance targets stated in their respective service contracts. Subject to the terms and conditions of the Service Contracts the Company has agreed to conditionally issue and allot the Emolument Shares.

The key terms of the proposed issue of the Emolument Shares are set out below.

Number of	Subscriber	Number of Shares
Emolument Shares:	Mr. Yip	9,058,000
	Mr. Ho	5,797,000
	Mr. Ng	<u>4,529,000</u>
	Total	<u><u>19,384,000</u></u>

Value of the Emolument Shares: approximately HK\$10,079,680 in aggregate based on the Last Trading Day of HK\$0.520;

approximately HK\$10,195,984 based on the closing price of HK\$0.526 per Share as quoted on the Stock Exchange on last five consecutive trading days immediately preceding the date of the 28 June 2024; and

the aggregate nominal value of the Emolument Shares is approximately HK\$193,840.

Conditions and schedule of issue:	The issue of the Emolument Shares will be subject to the Shareholders' approval and the Stock Exchange granting approval for the listing of, and permission to deal in, the Emolument Shares.
Status of the Emolument Shares:	The Emolument Shares, when issued and fully paid, shall rank pari passu among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment.
Lock-up period:	In respect of Mr. Yip's and Mr. Ng's Emolument Shares, 36 months from the date of issue or later than any other date as stated in their respective service contracts and in respect of Mr. Ho's Emolument Shares, 12 months from the date of issue or later than any other date as stated in his service contract.

Price of the Emolument Shares

The price of HK\$0.55 per Emolument Share represents:

- (a) a premium of approximately 5.8% to the closing price of HK\$0.520 per Share as quoted on the Stock Exchange on 28 June 2024, being the date of this announcement; and
- (b) a premium of approximately 4.6% to the average closing price of HK\$0.526 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of this announcement.

The price was arrived at after arm's length negotiations between the Company and Mr. Yip, Mr. Ho and Mr. Ng with reference to the recent market prices of the Shares and current market conditions. The Directors consider that the terms and conditions of the grant of the Emolument Shares (including the price of the Emolument Share) were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Award Shares and the Emolument Shares

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

Application for Listing of the Award Shares and the Emolument Shares

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

Information of the Awardees

Mr. Yip is the chief executive officer of the Company and a Director of the Company.

Mr. Ho is the chief financial officer of the Company.

Mr. Ng is the chief operating officer of the Company.

Mr. Lau is the director of a subsidiary of the Company.

Reasons for the Issue of the Award Shares and the Emolument Shares

The Company has resolved to grant the Award Shares to the Awardees, with a view to further motivate the management of the Company to maximize the Company's long-term interests and highlight the principle of performance-based awards so as to create more value for the Group. Meanwhile, pursuant to Mr. Yip's, Mr. Ho's and Mr. Ng's service contracts, they are subject to a performance bonus in cash and/or in new Shares after fulfillment of certain performance targets. The terms of their service contracts were determined by the Remuneration Committee of the Company and the Board with reference to their duties and responsibilities of the Company, their qualifications and experience, the Company's remuneration policy and the prevailing market rate. Given that Mr. Yip, Mr. Ho and Mr. Ng has each fulfilled their respective performance targets, the Company has resolved to grant the Emolument Shares subject to their respective service contracts. In this regard, the Directors consider that the terms and conditions of the grant of the Award Shares and the Emolument Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

PROPOSED ISSUE OF NEW SHARES UNDER THE CONSULTANT SPECIFIC MANDATE FOR THE CONSULTANT

On 28 June 2024, the Company and the Consultant has entered into the Service Agreement pursuant to which the Consultant shall provide financial advisory services and, the Company has agreed conditionally to allot and issue a total of 25,000,000 Consultant Shares to the Consultant as the Consultant's service fee. Accordingly, the Consultant Shares will be allotted and issued under Consultant Specific Mandate, which is, subject to the approval by the Shareholders.

The Service Agreement

Date

28 June 2024

Parties

- (1) The Company; and
- (2) The Consultant

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Consultant and its ultimate beneficial owner are not connected persons or associates of any connected person of the Company.

Services Provided by the Consultant

The Consultant shall act as the financial adviser to the Company in offering advice, information, insights, and recommendations to clients of any proposed transaction in relation to the GEM Listing Rules for a period of five (5) years commencing on the date of the Service Agreement.

The Consultant is subject to a financial advisory fee of HK\$2,750,000 per year payable each year from the date of the Service Agreement. While, subject to the terms and conditions of the Service Agreement, with the consent of both parties to the Service Agreement, the aforementioned financial advisory fee may be payable by ordinary shares of the Company each year from the date of the Service Agreement at the price of HK\$0.55 per Share totaling 25,000,000 ordinary shares of the Company.

Number of the Consultant Shares

The Consultant Shares represent:

- (a) approximately 2.76% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 2.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Consultant Shares immediately after completion of the issuance of the Consultant Shares, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Consultant Shares) between the date of this announcement and the date of completion. The aggregate nominal value of the Consultant Shares will be HK\$260,000.

Price of the Consultant Shares

The price of HK\$0.55 per Consultant Share represents:

- (a) a premium of approximately 5.8% to the closing price of HK\$0.520 per Share as quoted on the Stock Exchange on 28 June 2024, being the date of the Service Agreement; and

- (b) a premium of approximately 4.6% to the average closing price of HK\$0.526 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Service Agreement.

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

Ranking of the Consultant Shares

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

Application for Listing of the Consultant Shares

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

Information of the Consultant

The Consultant is a licensed corporation carrying out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and is a wholly owned subsidiary of Hatcher Group Limited, a company which shares are listed on GEM of the Stock Exchange (stock code: 8365).

Reasons for the Issue of the Consultant Shares

The Consultant is a licensed corporation carrying out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial advisor appointed by the Company to (i) provide proper guidance, advice and assistance to the Company on financial advice with the Company's obligations under the Listing Rules and all other applicable laws, rules, codes and guidelines; and (ii) accompany the Company to any meetings with the Stock Exchange, unless otherwise requested by the Stock Exchange. The Directors believe that the qualification of the Consultant, appointment of the Consultant will benefit the Company and Shareholders as whole.

The proposed issue of the Consultant Shares represents the service fee the Consultant pursuant to the terms and conditions of the Service Agreement and the number of the Consultant Shares were determined by the Board with reference to prevailing market rate and the Consultant's qualifications and experience and the Consultant's duties and responsibilities. The Board is of the view that the terms of the Service Contract (including the issue of the Consultant Shares) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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

The following is the equity fund raising activity conducted by the Company in the past 12 months immediately before this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
31 August 2023, 12 September 2023, 19 September 2023 and 21 September 2023	Issue of 100,000,000 unlisted warrants under specific mandate	Nil	(i) production and deployment of EV business; (ii) the expansion of eTaxi/eVan business; and (iii) working capital	Not applicable
22 December 2023 and 26 February 2024	Issue of 19,516,000 new Shares under specific mandate	HK\$16.0 million	(i) production and deployment of EV business; (ii) the general working capital	Fully utilised in accordance with the intended use
22 May 2024	Issue of 25,008,000 new Shares under specific mandate	Not applicable	working capital of the Group and for general corporate purposes	Not applicable

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 905,755,399 Shares in issue. Set out below are the shareholding structures of the Company (i) as at the date of this announcement and (ii) under the four scenarios arising from the issue of the Award Shares, Emolument Shares and Consultant Shares (for illustrative purposes only):

- (i) Shareholding immediately after the issue of the Award Shares, assuming there will be no change in the total number of Shares in issue (other than the issue of the Award Shares) (“**Scenario I**”);
- (ii) Shareholding immediately after the issue of the Emolument Shares, assuming there will be no change in the total number of Shares in issue (other than the issue of the Emolument Shares) (“**Scenario II**”);
- (iii) Shareholding immediately after the issue of the Consultant Shares, assuming there will be no change in the total number of Shares in issue (other than the issue of the Consultant Shares) (“**Scenario III**”); and
- (iv) Shareholding immediately after the issue of the Award Shares, Emolument Shares and the Consultant Shares, assuming there will be no change in the total number of Shares in issue (other than the issue of the Award Shares, Emolument Shares and the Consultant Shares) (“**Scenario IV**”);

Controlling Shareholder, Substantial Shareholders and Directors	As at the date of this announcement				Scenario I		Scenario II		Scenario III		Scenario IV	
	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding
Golden Fortune Global Limited (Note 1)	235,603,225	26.01%	235,603,225	23.02%	235,603,225	25.47%	235,603,225	25.31%	235,603,225	22.06%	235,603,225	22.06%
Glorytwin Limited (Note 2)	72,000,000	7.95%	72,000,000	7.03%	72,000,000	7.78%	72,000,000	7.74%	72,000,000	6.74%	72,000,000	6.74%
Gaw Capital	58,704,000	6.48%	58,704,000	5.74%	58,704,000	6.35%	58,704,000	6.31%	58,704,000	5.50%	58,704,000	5.50%
Mr. Wu Jianwei (Note 1)	52,508,000	5.80%	52,508,000	5.13%	52,508,000	5.68%	52,508,000	5.64%	52,508,000	4.92%	52,508,000	4.92%
Ms. Wu Yanyan	47,550,000	5.25%	47,550,000	4.65%	47,550,000	5.14%	47,550,000	5.11%	47,550,000	4.45%	47,550,000	4.45%
Mr. Pan Wenyuan	27,096,000	2.99%	27,096,000	2.65%	27,096,000	2.93%	27,096,000	2.91%	27,096,000	2.54%	27,096,000	2.54%
Tanner Enterprises Group Limited (Note 2)	17,392,000	1.92%	17,392,000	1.70%	17,392,000	1.88%	17,392,000	1.87%	17,392,000	1.63%	17,392,000	1.63%
Mr. Li Man Keung Edwin	14,712,613	1.62%	14,712,613	1.44%	14,712,613	1.59%	14,712,613	1.58%	14,712,613	1.38%	14,712,613	1.38%
Mr. Liang Zihao	8,800,000	0.97%	8,800,000	0.86%	8,800,000	0.95%	8,800,000	0.95%	8,800,000	0.82%	8,800,000	0.82%
Mr. Ko Shu Ki Kenneth	3,712,000	0.41%	3,712,000	0.36%	3,712,000	0.40%	3,712,000	0.40%	3,712,000	0.35%	3,712,000	0.35%
Mr. Yip Shiu Hong	5,997,905	0.66%	51,285,905	5.01%	15,055,905	1.63%	5,997,905	0.64%	60,343,905	5.65%	60,343,905	5.65%
Mr. Ho Karl	–	–	22,644,000	2.21%	5,797,000	0.63%	–	–	28,441,000	2.66%	28,441,000	2.66%
Mr. Ng Sze Chun	2,998,953	0.33%	25,642,953	2.51%	7,527,953	0.81%	2,998,953	0.32%	30,171,953	2.83%	30,171,953	2.83%
Mr. Lau Wai Yan Lawson (Note 3)	22,802,703	2.52%	49,975,703	4.88%	22,802,703	2.46%	22,802,703	2.45%	49,975,703	4.68%	49,975,703	4.68%
The Consultant	–	–	–	–	–	–	–	–	25,000,000	2.34%	25,000,000	2.34%
Other Public Shareholders	335,878,000	37.08%	335,878,000	32.82%	335,878,000	36.31%	335,878,000	36.09%	335,878,000	31.45%	335,878,000	31.45%
Total:	905,755,399	100.00%	1,023,504,399	100.00%	925,139,399	100.00%	930,755,399	100.00%	1,067,888,399	100.00%	1,067,888,399	100.00%

Notes:

- (1) 235,603,225 Shares are held by Global Fortune Global Limited which is owned as to 51% by Mr. Wu Jianwei, a non-executive Director and Co-Chairman of the Board, and as to 49% by Mr. Liang Zihao, an executive Director and Co-Chairman of the Board.
- (2) 72,000,000 Shares are held by Glorytwin Limited which is wholly owned by Mr. Li Man Keung Edwin, an executive Director and Vice Chairman of the Board. 17,392,000 are held by Tanner Enterprises Group Limited which is wholly owned by Mr. Li Man Keung Edwin. Mr. Li Man Keung Edwin also directly holds 14,712,613 Shares. The aggregate Shares beneficially owned by Mr. Li Man Keung Edwin is 104,104,613 Shares, or 11.49% of total issued Shares.
- (3) 22,802,703 shares are held by Cornerstone Wealth Holdings Limited which is wholly owned by Mr. Lau Wai Yan Lawson.

PROPOSED ADOPTION OF THE SHARE AWARD SCHEME

The Board proposed adopting the 2024 Share Award Schemes. The 2024 Share Award Scheme will take effect upon the satisfaction of the following conditions:

- (i) passing of ordinary resolutions by the Shareholders at the EGM to approve the adoption of the 2024 Share Award Scheme and to authorise the Remuneration Committee to grant Awards thereunder and to allot, issue and deal with Shares pursuant to the grant of any Awards in accordance with the rules of the 2024 Share Award Scheme, provided that the allotment and issuance of new Shares under the 2024 Share Award Scheme or any other share schemes of the Company shall not exceed the Scheme Mandate Limit; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to Awards that may be granted under the 2024 Share Award Scheme.

Terms of the 2024 Share Award Schemes

The Board proposes to adopt the 2024 Share Award Scheme, which will allow the grant of Share Award Scheme Shares, as appropriate, to eligible participants providing them an incentive by way of an opportunity to become Shareholders and to align their interests with that of the Company in recognition of the contributions they have made or are expected to make to the Group. The ability for the Company to grant Share Award Scheme Shares provides alternative means for the Company to provide incentives which can be more tailored towards the specific eligible grantee and is in line with the purpose of the 2024 Share Award Scheme.

Subject to the provisions of the Listing Rules, applicable laws and other regulations of the Company from time to time in force, the Remuneration Committee has sole and absolute discretion to determine the terms and conditions to the Share Award Scheme Shares shall be subject, including

- (a) a minimum vesting period;

- (b) the performance, operating and financial targets and other criteria to be satisfied before the Share Award Scheme Shares can vest;
- (c) the amount, if any, payable on application or acceptance of the Share Award Scheme Shares and the period within which payments or calls must or may be made or loans for such purposes must be repaid;
- (d) the period, if any, during which Shares allotted and issued or transferred upon vesting of the Share Award Scheme Shares shall be subject to restrictions on dealings, and the terms of such restrictions; and
- (e) the notification period, if any, to be given to the Company of any intended sale of Shares allotted and issued upon vesting of the Share Award Scheme Shares.

Grantees shall have no right to receive any dividend (or any amount equal in value to any dividends) paid or which may be payable by reference to a record date falling prior vesting of the Share Award Scheme Shares.

Any offer made to any eligible participant who is a Director or a senior manager where the Share Award Scheme Shares:

- (i) has a vesting period of less than 12 months; and/or
- (ii) does not include any performance target or clawback mechanism to recover or withhold any unvested Share Award Scheme Shares (or any portion thereof) in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances,

shall be subject to considered explanation of the Remuneration Committee.

Vesting Period

The Remuneration Committee and the Board is entitled to impose any conditions (including a period of continued service within the Group after the grant of the Share Award Scheme Shares, as it deems appropriate in its absolute discretion with respect to the vesting of the Share Award Scheme Shares on the selected participant, and shall inform the trustee(s) and such selected participant the relevant conditions of the Share Award Scheme Shares. Notwithstanding any other provisions of the 2024 Share Award Scheme, subject to applicable laws and regulations (including the GEM Listing Rules and the Takeovers Code), the Remuneration Committee and the Board shall be at liberty to waive any vesting conditions referred to in this section. The Scheme shall be subject to a minimum vesting period of twelve (12) months, a shorter vesting period may be granted to an eligible participant at the sole and absolute discretion of the Remuneration Committee and the Board in the following circumstances:

- (a) grants of "make-whole" share awards to new joiners to replace the share awards or share options they forfeited when leaving their previous employers;

- (b) grants with performance-based vesting conditions provided in the Scheme or as specified in the Grant Notice in lieu of time-based vesting criteria;
- (c) grants that are made in batches during a year for administrative or compliance requirements, for example, Awards that should have been granted earlier but had to wait for a subsequent batch and the vesting period may be shortened to reflect the time from which the Awards would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where the Share Award Scheme Shares may vest evenly over a period of twelve (12) months, or where the Share Award Scheme Shares may vest by several batches with the first batch to vest within 12 months of the date of the grant and the last batch to vest twelve (12) months after the date of the grant; and
- (e) grants with a total vesting and holding period of more than twelve (12) months.

Purchase Price of Share Award Scheme Shares under the 2024 Share Award Scheme

The purchase price of the Share Award Scheme Shares (if any) shall be such price which shall be determined by the Remuneration Committee and the Board from time to time based on considerations such as the prevailing closing price of the Shares (being the average closing market price for the five business days preceding the date of grant on which the Shares are traded on the Stock Exchange), the purpose of the Share Award Scheme Shares and the characteristics and profile of the selected participant.

Scheme Limit

The Remuneration Committee shall not make any Share Award Scheme Share that may result in the total number of Shares to be issued in respect of options granted under existing share option scheme, Share Award Scheme Shares granted under the 2024 Share Award Scheme and any awards and/or options granted under any other share schemes exceeding the Scheme Mandate Limit.

If and to the extent that any Share Award Scheme Share is to be satisfied by the issuance and allotment of new Shares, such new Shares must be issued and allotted pursuant to any scheme mandate that may from time to time be approved by resolution of the Shareholders in general meeting in accordance with the requirements of the Listing Rules and such mandate shall be subject to the Scheme Mandate Limit. Accordingly, the Company will seek the Shareholders' approval for issue of Shares up to the Scheme Mandate Limit. As the date of this announcement, the Company had 905,755,399 Shares in issue. Assuming there is no change in the number of Shares in issue between the date of this announcement and the date of the EGM, the Scheme Mandate Limit will authorise the issue of up to 90,575,539 new Shares, representing approximately 10% of the issued Shares as at the date of this announcement.

LISTING RULES IMPLICATION

As at the date of this announcement, the Awardees are connected persons of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the proposed issue of the Award Shares and the Emolument Shares constitute connected transactions and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In accordance with the GEM Listing Rules, the Awardees will be required to abstain from voting on the resolution(s) to approve the Award Shares Specific Mandate and the transactions contemplated thereunder at the EGM, and Mr. Yip, Mr. Ho and Mr. Ng will be required to abstain from voting on the resolution(s) to approve the Emolument Shares Specific Mandate and the transactions contemplated thereunder at the EGM.

The 2024 Share Schemes constitute a share scheme under Chapter 23 of the GEM Listing Rules. In accordance with the GEM Listing Rules, a share scheme involving the grant of new shares must be approved by shareholders of the listed issuer in a general meeting. Accordingly, the adoption of the 2024 Share Schemes will be subject to, among others, the Shareholders' approval at the AGM/EGM.

Application will be made to the GEM Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued in respect of all Share Options and/or Share Awards to be granted under the 2024 Share Schemes.

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 transactions contemplated under the issuance of the Award Shares; the issuance of the Emolument; the issuance of the Consultant Shares; and the adoption of the 2024 Share Award Scheme and will be required to abstain from voting on the resolution(s) to approve the abovementioned 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 issue of the Award Shares and Emolument Shares are on normal commercial terms or better and fair and reasonable, whether the transactions are in the interests of the Company and the 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

As the Award Shares, Emolument Shares and the Consultant Shares will be allotted and issued under the Specific Mandates, to be granted at the next EGM, the issue and allotment of the Award Shares, Emolument Shares and Consultant Shares is subject to the Shareholders' approval. The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the Award Shares Specific Mandate; (ii) the Emolument Specific Mandate; (iii) the Consultant Specific Mandate; and (iv) the adoption of the Share Award Scheme.

To the best knowledge of the Directors, as at the date of this announcement, the Awardees will be required to abstain from voting on the resolution(s) approving the Award Shares Specific Mandate and the Emolument Shares Specific Mandate. A circular containing, among other things, (i) details of the issue and allotment of the Award Shares; (ii) details of the issue and allotment of the Emolument Shares; (iii) the Emolument Specific Mandate; (iii) details of the issue and allotment of the Consultant Shares; (iv) details of the Share Award Scheme; and (v) a notice convening the EGM, will be despatched as soon as practicable to the Shareholders in accordance with the GEM Listing Rules.

DEFINITIONS

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

“Awardees”	collectively, Mr. Yip, Mr. Ho, Mr. Ng and Mr. Lau
“Award Shares”	An aggregate of 117,749,000 award shares to be granted to the Awardees subject to the vesting conditions
“Award Shares Specific Mandate”	the specific mandate approved by the Shareholders at the EGM which authorises the Directors to allot, issue and deal with the Award Shares
“Service Agreement”	The agreement entered into between the Company and the Consultant pursuant to which the Consultant shall provide financial advisory services
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Cornerstone Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM (stock code: 8391)

“Consultant”	VBG Capital Limited, is a licensed corporation carrying out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Consultant Shares”	a total of 25,000,000 new Shares, being 2.76% of the total number of Shares of the Company as at the date of the Service Agreement
“Consultant Specific Mandate”	the specific mandate approved by the Shareholders at the EGM which authorises the Directors to allot, issue and deal with the Consultant Shares
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve (i) the Award Shares Specific Mandate; (ii) the Consultant Specific Mandate; and (iii) the adoption of the Share Award Scheme
“Emolument Shares”	an aggregate of 19,384,000 emolument shares to be granted to Mr. Yip, Mr. Ho and Mr. Ng subject to their respective service contracts
“Emolument Shares Specific Mandate”	the specific mandate approved by the Shareholders at the EGM which authorises the Directors to allot, issue and deal with the Emolument Shares
“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 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
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons

“Listing Committee”	The Listing Committee of the Stock Exchange
“Mr. Ho”	Mr. Ho Karl
“Mr. Lau”	Mr. Lau Wai Yan Lawson
“Mr. Ng”	Mr. Ng Sze Chun
“Mr. Yip”	Mr. Yip Shiu Hong
“Remuneration Committee”	a committee of the Board comprising by Ms. Zhu Xiaohui, Mr. Liang Zihao, Mr. Tam ka Hei Raymond and Mr. Ko Shu Ki Kenneth
“Scheme Mandate Limited”	the maximum number of new Shares which may be allotted and issued in respect of all Options and Awards to be granted under the New Share Option Scheme, the New Share Award Scheme and any other share scheme(s) of the Company, which shall not exceed 10% of the number of Shares in issue as at the Adoption Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandates”	collectively the Award Shares Specific Mandate, the Emolument Shares Specific Mandate and the Consultant Specific Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Vesting Conditions”	the conditions to be fulfilled by the Awardees for the vesting of the Award Shares by the Awardees

“%”

per cent

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

Hong Kong, 28 June 2024

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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 Stock Exchange of Hong Kong Limited's website at www.hkexnews.hk "Latest Listed Company Information" page for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.cstl.com.hk.