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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8112)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **Placing Agent**



潮商證券有限公司  
ChaoShang Securities Limited  
SFC Licensed Corporation (CE No.: BGH629)

### **THE PLACING**

The Board is pleased to announce that on 30 April 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 11,448,000 Placing Shares, to not less than seven Placees who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.22 per Placing Share.

The Placing Price of HK\$0.22 per Placing Share represents (i) a discount of approximately 18.52% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on 30 April 2021, being the date of the Placing Agreement; and (ii) a discount of approximately 18.52% to the average of the closing prices per Share of HK\$0.27 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The maximum number of the Placing Shares represents (i) approximately 19.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.64% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$2.52 million and the net proceeds will be approximately HK\$2.37 million (after deduction of commission and other expenses of the Placing). The Directors intend to use all of the net proceeds to develop the financial service business of the Group, including but not limited to, strengthening the operation of the margin financing business of the Group.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## THE PLACING

The Board is pleased to announce that on 30 April 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing.

### The Placing Agreement

Date: 30 April 2021

Parties: Issuer: The Company

Placing Agent: ChaoShang Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will charge the Company a placing commission of 2.5% of the gross proceeds from the Placing. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to the prevailing market rates. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

### Placees

The Placing Shares are expected to be placed to not less than seven Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties.

## **Number of Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares of up to 11,448,000 Shares under the Placing represents (i) approximately 19.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.64% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.22 per Placing Share represents:

- (i) a discount of approximately 18.52% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on 30 April 2021, being the date of the Placing Agreement; and
- (ii) a discount of approximately 18.52% to the average of the closing prices per Share of HK\$0.27 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

## **Ranking of Placing Shares**

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

## **Conditions of the Placing**

Completion of the Placing is conditional upon the satisfaction of the following conditions by not later than 14 days (or such later date as may be agreed between the Placing Agent and the Company in writing) after the date of the Placing Agreement:

- (i) there shall not have occurred any breach or any event render untrue or inaccurate, any of the representations, warranties or undertakings under the Placing Agreement in all material respects;

- (ii) listing of and permission to deal in all the Placing Shares being granted (subject only to allotment) by the Listing Committee of the Stock Exchange in principle and dealings of the Placing Shares being allowed by the Stock Exchange (and such listing and permission not subsequently being revoked);
- (iii) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing); and
- (iv) the Placing Agreement not being rescinded by the Placing Agent pursuant to the terms and conditions of the Placing Agreement.

### **Completion of the Placing**

Completion of the Placing shall take place within four (4) Business Days after the day on which the conditions as set out in the paragraph headed “Conditions of the Placing” above are fulfilled (or another time or date as the Company and the Placing Agent shall agree in writing).

### **Application for listing**

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

### **General Mandate**

No shareholders’ approval is required for the Placing and the Placing Shares will be allotted and issued by the Company pursuant to the General Mandate. At the AGM, the Shareholders have granted to the Directors, among other things, the General Mandate to issue up to 229,418,448 shares of HK\$0.10 each, representing 20% of the issued share capital of the Company as at the date of the passing of the resolution of 1,147,092,240 shares of HK\$0.10 each.

On 5 June 2020, the Company completed the consolidation of every 20 shares of HK\$0.10 each into one consolidated share of HK\$2.00. On 14 September 2020, the Company also completed (i) the reduction of the issued share capital of the Company whereby the nominal value of each issued consolidated share of HK\$2.00 was reduced from HK\$2.00 each to HK\$0.01 each by cancelling the paid up capital to the extent of HK\$1.99 on each issued consolidated share of HK\$2.00; and (ii) the sub-division of each authorised but unissued consolidated share of par value HK\$2.00 into 200 shares of par value HK\$0.01 each.

Accordingly, the number of Shares that may be issued under the General Mandate has correspondingly been adjusted to 11,470,922. As at the date of this announcement, no Shares have been issued pursuant to the General Mandate.

### **Termination and rescission of the Placing Agreement**

Under the Placing Agreement, if the conditions as set out in the paragraph headed “Conditions of the Placing” above are not fulfilled on or before the Completion Date, the obligations and liabilities of the Company under the Placing shall be null and void and the Company shall be released from all rights and obligations pursuant to the Placing (save for (i) the Company’s payment of all costs and expenses already incurred or to be incurred in consequence of such termination; and (ii) any antecedent breaches thereof).

Furthermore, the Placing Agent may rescind the Placing Agreement without liability to the Company by notice in writing given to the Company at any time prior to the Completion Date:

- (i) if there has come to the notice of the Placing Agent:
  - a. that any statement contained in this announcement is, when this announcement is issued, or has become, untrue, incorrect or misleading in any material respect; or
  - b. any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this announcement, constitute a material omission; or
  - c. any material breach of the undertakings, warranties and representations set out in the Placing Agreement; or
  - d. any material breach of any of the obligations imposed upon any party to the Placing Agreement (other than the Placing Agent); or

- e. any of the undertakings, warranties and representations set out in the Placing Agreement would be untrue or inaccurate or misleading in any material respect if given at that time; or
  - f. any adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing; or
- (ii) if there develops, occurs, or comes into effect:
- a. any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the sole and absolute opinion of the Placing Agent would prejudice the success of the Placing; or
  - b. the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the sole and absolute opinion of the Placing Agent, would prejudice the success of the Placing; or
  - c. any change in conditions of local, national or international securities markets occurs which in the sole and absolute opinion of the Placing Agent would prejudice the success of the Placing; or
  - d. any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong and if in the sole and absolute opinion of the Placing Agent any such new law or change would materially and adversely affect the business or financial prospects of the Group and/or prejudice the success of the Placing; or
  - e. a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong which would, in the sole and absolute opinion of the Placing Agent, prejudice the success of the Placing; or

- f. any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the sole and absolute opinion of the Placing Agent would materially prejudice the success of the Placing.

If notice is given pursuant to the paragraph above, the Placing Agreement shall cease to have effect, and none of the parties shall have any rights or claims by reason thereof.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Company is an investment holding company. The Group is principally engaged in (i) financial service business including securities brokerage services and margin financing services; and (ii) advertising and media business, which mainly includes out-of-home advertising services in Hong Kong and Singapore.

In 2016, the Group commenced its financial service business through the acquisition of a group which included CSL. In 2017, CSL commenced its margin financing business. Over the past few years, the financial service business has proven its ability to generate stable revenue for the Group and approximately 90% of the revenue of the financial service business was contributed by the margin financing business. It is the intention of the management of CSL to continue to develop its financial service business, in particular, its margin financing business. Therefore, it is considered to be necessary to strengthen the capital base of CSL which will in turn strengthen the financial service business of the Group.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$2.52 million, and the net proceeds will be approximately HK\$2.37 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.207 per Placing Share.

The Directors intend to use all of the net proceeds to develop the financial service business of the Group, including but not limited to, strengthening the operation of the margin financing business of the Group.

The Directors consider that the Placing represents an opportunity to strengthen the Group's financial position and raise additional funding for the business operations of the Group as explained above without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising, as well as to enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

The Board has also considered other alternative fundraising methods such as debt financing, rights issue or open offer. In January 2021, the Company announced its proposal to raise funds through rights issue but was not able to obtain the Shareholders' approval in March 2021 (the “**Rights Issue**”). Undergoing another attempt for rights issue or an open offer may involve substantial time and cost to complete as compared to the equity financing through issue of the new Shares under General Mandate. As for debt financing, the Board considered that it may incur interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS**

Save for the Rights Issue mentioned above, the Company has not conducted any fund raising activities during the 12 months immediately preceding the date of this announcement.



## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming that all of the 11,448,000 Placing Shares will be placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing) are set out below:

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approx. % (note 1)</i>	<i>Number of Shares</i>	<i>Approx. % (note 1)</i>
Profit Cosmo Group Limited (note 2)	17,000,000	29.64	17,000,000	24.71
iMediaHouse Asia Limited (note 3)	3,453,990	6.02	3,453,990	5.02
The Placees	–	–	11,448,000	16.64
Other Public Shareholders	36,900,622	64.34	36,900,622	53.63
Total	<u>57,354,612</u>	<u>100.00</u>	<u>68,802,612</u>	<u>100.0</u>

Notes:

1. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.
2. Profit Cosmo Group Limited (“PCG”) is owned as to 60% by Mr. Liu Yanhong (“**Mr. Liu**”). Mr. Liu is therefore deemed to be interested in these Shares by virtue of the SFO. The remaining 40% interest in PCG is held by Mr. An Xilei, an executive Director.
3. iMediaHouse Asia Limited (“iMHA”) is owned as to approximately 67.09% by iMediaHouse.com Limited (“iMH”) which is in turn wholly owned by Mr. Wong Hong Gay Patrick Jonathan (“**Mr. Wong**”), an executive Director. The remaining interest in iMHA is held by entities ultimately wholly owned by Mr. Wong. Therefore, iMH and Mr. Wong are deemed to be interested in these Shares by virtue of the SFO.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 3 June 2020
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Cornerstone Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8112)
“Completion Date”	within four (4) Business Days after the day on which the conditions set out in the Placing Agreement have been fulfilled (or another time or date as the Company and the Placing Agent shall agree in writing) on which completion of the Placing shall take place
“CSL”	Cornerstone Securities Limited, which is indirectly owned as to 91.19% by the Company
“Director(s)”	the director(s) of the Company
“GEM”	GEM as operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Placee(s)”	professional, institutional and other investor(s) selected and procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 11,448,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	ChaoShang Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 30 April 2021 in relation to the Placing
“Placing Price”	HK\$0.22 per Placing Share
“Placing Share(s)”	up to 11,448,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of the Company
“Shareholders”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 30 April 2021

*As at the date of this announcement, the Board comprises Mr. Gao Ran (Chairman), Mr. An Xilei (Deputy Chairman), Mr. Wong Hong Gay Patrick Jonathan and Mr. Mock Wai Yin as executive Directors; and Mr. Chan Chi Keung Alan, Mr. Lee Chi Hwa Joshua and Ms. Lau Mei Ying as independent non-executive Directors.*

*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 “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting. This announcement will also be posted on the Company’s website at [www.cs8112.com](http://www.cs8112.com).*