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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)

DISCLOSEABLE TRANSACTION
IN RELATION TO THE PRELIMINARY TENANCY AGREEMENT

On 8 November 2021, Cornerstone EV Charging Service Limited, an indirectly wholly-owned subsidiary of the Company, as tenant entered into the Preliminary Tenancy Agreement with Boham International Limited as the landlord (an Independent Third Party) for the purpose of the tenancy of the Premises.

GEM LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, the Company will recognize a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Preliminary Tenancy Agreement. Accordingly, the lease transaction under the Preliminary Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purposes of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Preliminary Tenancy Agreement exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

A. INTRODUCTION

On 8 November 2021, Cornerstone EV Charging as tenant entered into the Preliminary Tenancy Agreement with the Landlord (an Independent Third Party) for the purpose of the tenancy of the Premises.

B. KEY TERMS OF THE PRELIMINARY TENANCY AGREEMENT

Date: 8 November 2021

Parties: (1) Cornerstone EV Charging; and
(2) the Landlord, a limited liability company whose registered office is in Hong Kong, principally engaged in property investment.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) are Independent Third Parties.

Term: Five years commencing from 1 December 2021 to 30 November 2026 (both days inclusive).

Premises: Office Unit 07-11, 11th Floor, New East Ocean Centre, No. 9 Science Museum Road, Kowloon, Hong Kong.

Rent: The rent shall be HK\$218,475 per calendar month (exclusive of management fees, government rent and rates).

Under the Preliminary Tenancy Agreement, the Company shall enjoy a rent free period of 90 days from 1 December 2021 to 28 February 2022 (both days inclusive).

Security deposit: A sum of HK\$835,318 in aggregate of three months' monthly rent, management fee, the government rent and rates.

Total aggregate value of consideration payable: A sum of HK\$12,453,075 in aggregate for rent payable for the term of five years. The rent payable will be funded by internal resources of the Group.

Formal tenancy agreement: The parties have agreed to enter into a formal tenancy agreement on or before 29 December 2021.

C. RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, as a result of the entering into of the Preliminary Tenancy Agreement, the unaudited value of the right-of-use asset to be recognised by the Group under the terms of the Preliminary Tenancy Agreement amounted to a sum of HK\$10,927,144, which is calculated with reference to the aggregate lease payments and discounted by a discount rate.

D. INFORMATION OF THE GROUP AND THE COMPANY

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on GEM of the Stock Exchange (stock code: 8391). The principal activity of the Company is investment holding. The principal activities of the Group are the provision of printing, typesetting and translation services in Hong Kong. In addition, the Group also engaged in electric vehicle charging business in Hong Kong.

E. REASONS AND BENEFITS FOR THE PRELIMINARY TENANCY AGREEMENT

In view of the expiration of the tenancy agreements of various offices of our electric vehicle charging business in Hong Kong, the Group has to enter into the new tenancy agreement to continue the operation and improve the office spacing efficiency.

The terms of the Preliminary Tenancy Agreement were determined after arm's length negotiations between the parties and with reference to the prevailing market rent of comparable properties in the vicinity of the Premises and the rental payment made by the Group. The Directors consider that the terms of the Preliminary Tenancy Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

F. ULTIMATE BENEFICIAL OWNER OF THE LANDLORD

The Landlord, Boham International Limited, a company incorporated in Hong Kong with limited liability. The ultimate beneficial owner of the Landlord is Ho Leung Kit Ting, Ho Hau Hay Hamilton and Ho Hau Chong Norman as at the date of the Announcement.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Landlord (including its ultimate beneficial owner) is an independent third party not connected with the Company or its connected persons (as defined in the GEM Listing Rules and, except for the Preliminary Tenancy Agreements, they do not have any relationships with the Company or its connected persons.

G. IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 "Leases", the Company will recognize a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Preliminary Tenancy Agreement. Accordingly, the lease transaction under the Preliminary Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purposes of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Preliminary Tenancy Agreement exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

H. DEFINITIONS

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

“Company”	Cornerstone Technologies Holdings Limited, an exempted company incorporated with limited liability in the Cayman Islands and, the shares of which are listed on GEM of the Stock Exchange (Stock code: 8391)
“Directors”	the directors of the Company
“Cornerstone EV Charging”	Cornerstone EV Charging Service Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons
“Landlord”	Boham International Limited, a company incorporated in Hong Kong with limited liability
“Preliminary Tenancy Agreement”	the preliminary tenancy agreement entered into between the Cornerstone EV Charging and the Landlord on 8 November 2021 in respect of the Premises

“Premises”	Office Unit 07-11, 11th Floor, New East Ocean Centre, No. 9 Science Museum Road, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Cornerstone Technologies Holdings Limited
Liang Zihao
Co-Chairman and Executive Director

Hong Kong, 8 November 2021

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.