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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)

PROFIT WARNING

This announcement is made by Cornerstone Technologies Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors of the Company (the “**Director(s)**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited management accounts of the Group and information currently available, for the year ended 31 December 2022 (the “**Year**”), revenue of the Group is expected to increase by approximately 46% as compared with the year ended 31 December 2021, mainly driven by its electric vehicle charging business (the “**EV Charging Business**”), which is expected to increase by over 350%; the gross profit of the Group is expected to decrease by over 50%, as compared with the year ended 31 December 2021, while gross profit from the EV Charging Business is expected to increase by approximately 100%.

The adjusted loss before interest, tax, depreciation and amortisation (the “**Adjusted LBITDA**”) of the Group for the Year, after non-Hong Kong Financial Reporting Standards adjustments, is expected to be not more than HK\$52 million, compared with an Adjusted LBITDA of approximately HK\$34 million for the year ended 31 December 2021. The Adjusted LBITDA in 2022 was increased mainly attributable to the increase in staff costs of approximately HK\$7.8 million of the EV Charging Business due to accelerated business growth.

The Adjusted LBITDA of the Group is presented to supplement the Group’s consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards, and has adjusted the impact of (i) share-based payment expenses; (ii) impairment losses recognised on trade receivables of the Group, property, plant and equipment and right-of-use assets of the printing business (iii) write off on property, plant and equipment and (iv) loss on disposal of property, plant and equipment.

The Group is expected to record a net loss attributable to owners of the Company not exceeding HK\$161.0 million for the Year, as compared to a net loss attributable to owners of the Company of approximately HK\$61.4 million for the year ended 31 December 2021. The loss-making position for the Year was mainly attributable to:

1. the recognition of equity settled share-based payment expenses of approximately HK\$77.5 million relating to warrants granted by the Company, emolument shares issued to senior management pursuant to service contracts, and share options granted by the Company; and
2. the impairment recognised on trade receivables of the Group, property, plant and equipment and right-of-use assets of the printing business of approximately HK\$9.7 million.

The Company is in the process of preparing the audited consolidated financial results of the Group for the Year. The information contained in this announcement is based on a preliminary assessment of the unaudited consolidated management accounts of the Group, which is subject to finalization and other potential adjustments (if any) and has not been audited or reviewed by the Group's auditors or the audit committee of the Company. Details of the Group's performance will be disclosed in the results announcement of the Company for the Year, which is expected to be published by the end of March 2023.

The Group believes that the Adjusted LBITDA measures are useful for understanding and assessing underlying business performance and operating trends, and that the Group's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these Adjusted LBITDA measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the accounting standards. Shareholders and potential investors are advised to not view the adjusted results on a stand-alone basis or as a substitute for results under the audited financial statements.

WARNING: Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 29 March 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. LAU Wai Yan Lawson, Mr. PAN Wenyuan, Ms. WU Yanyan and Mr. YEUNG Chun Yue David, 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 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.