Cornerstone Technologies

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)

INTERIM REPORT 2020/2021

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This report, for which the directors (the "Directors") of Cornerstone Technologies Holdings Limited (the "Company") 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 (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 report 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 report misleading.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Liang Zihao *(Co-chairman of the Board and Chief Executive Officer)*
Mr. Sam Weng Wa Michael
Mr. Li Man Keung Edwin *(Note 1)*
Mr. Lau Wai Yan Lawson *(Note 1)*

NON-EXECUTIVE DIRECTOR

Mr. Wu Jianwei *(Co-chairman of the Board)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Ka Hei Raymond
Mr. Yuen Chun Fai
Ms. Zhu Xiaohui

COMPLIANCE OFFICER

Mr. Liang Zihao

AUTHORISED REPRESENTATIVES

Mr. Liang Zihao
Mr. Chu Pui Ki Dickson

AUDIT COMMITTEE

Mr. Yuen Chun Fai *(Chairman)*
Mr. Tam Ka Hei Raymond
Ms. Zhu Xiaohui

REMUNERATION COMMITTEE

Ms. Zhu Xiaohui *(Chairman)*
Mr. Liang Zihao
Mr. Tam Ka Hei Raymond

NOMINATION COMMITTEE

Mr. Tam Ka Hei Raymond *(Chairman)*
Mr. Liang Zihao
Mr. Yuen Chun Fai
Ms. Zhu Xiaohui

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson *(CPA)*

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Note 1: Appointed on 24 August 2020

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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AUDITOR

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Hong Kong

STOCK CODE

8391

WEBSITE

http://www.elegance.hk

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Cornerstone Technologies Holdings Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") is an established printing service provider principally engaged in the provision of commercial printing and financial printing services in Hong Kong. We have our own production base in Hong Kong to provide one-stop solutions to our customers from designing, typesetting, translation, printing, binding, lettershopping to direct mailing, etc..

On 4 August 2020, the completion of the acquisition of Cornerstone EV Charging Service Limited ("Cornerstone EV Charging") has taken place. As a result, Cornerstone EV Charging became an indirect wholly-owned subsidiary of the Company and its financial results has been consolidated with those of the Group. Cornerstone EV Charging principally engaged in supplying electric vehicle ("EV") integrated charging solutions, including supply and installation of EV chargers, developing EV charging-enabling infrastructure, central management system, hub for e-payment, load management system and license plate recognition system to electric vehicles and smart parking. For more details, please refer to the announcement and circular of the Company dated 21 February 2020 and 30 June 2020, respectively.

On 21 August 2020, subsequent to the passing of the special resolution approving the change of Company name from "Elegance Commercial and Financial Printing Group Limited 精雅商業財經印刷集團有限公司" to "Cornerstone Technologies Holdings Limited 基石科技控股有限公司" by the Shareholders at the annual general meeting (the "AGM") and the issuance of the certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands, the change of Company name became effective. For more details, please refer to (i) the announcement and the circular of the Company dated 23 July 2020 in relation to the change of Company name and the amendments to the memorandum and articles of association; (ii) the poll results of the AGM dated 21 August 2020; and (iii) the announcement of the Company in relation to the change of Company name and stock short name dated 19 October 2020.

Printing business

Our printing business is supported by our in-house printing production factory located at 7th Floor, Oceanic Industrial Centre, No. 2, Lee Lok Street, Ap Lei Chau, Hong Kong, with a usable area of approximately 32,000 square feet, as well as our in-house translation team in Hong Kong, which enables us to maintain timely and responsive printing and translation services to our commercial and financial printing customers.

Our revenue from commercial printing services decreased by approximately 32.9%, from approximately HK$21.9 million for the six months ended 30 September 2019 to approximately HK$14.7 million for the six months ended 30 September 2020. Our revenue from financial printing services increased by approximately 2.2%, from approximately HK$13.8 million for the six months ended 30 September 2019 to approximately HK$14.1 million for the six months ended 30 September 2020.

The decrease in revenue from commercial printing services was mainly due to the decrease in sales orders.

Electric vehicle charging business

Upon the acquisition of Cornerstone EV charging on 4 August 2020, the Group also engaged in supplying EV integrated charging solutions, including central management system, hub for e-payment, load management system and license plate recognition system to electric vehicle and smart parking.

As the EV charging business involves high and new technology, the Group focuses on research and development for the purposes of strengthening its competitiveness in the industry. As at 30 September 2020, our research and development division has 16 employees. Most of the members of the research and development division are experienced and reputable in the field of mechanical and electrical engineering. Our strong research and development team with execution capabilities and a proven track record will help to adapt the constant fast-changing technology market.

Cornerstone EV Charging has a competitive market position as it is one of the major EV charging service providers in Hong Kong. Cornerstone EV Charging has been approved as an authorised EV charger supplier by a reputable Japanese automobile manufacturer. This approval is considered a recognition of the quality of our EV charger.

For public charging network, the Government has allocated HK$120 million to install additional medium chargers in government car parks that are open to the public. It is expected that over 1,000 public chargers will be added by 2022, increasing the total number of public chargers in government car parks to around 1,800. For private residential buildings, the Chief Executive announced in the 2019 Policy Address the preparation of a HK$2 billion pilot subsidy scheme to promote the installation of EV charging-enabling infrastructure in car parks of existing private residential buildings, enabling EV owners to install chargers at car parks of their residences.

Since the completion of the acquisition on 4 August 2020 and up to 30 September 2020, the revenue from EV charging business amounted to approximately HK$71,000, accounted for approximately 0.2% of the total revenue of the Group.

OUTLOOK

Due to the outbreak of the novel coronavirus (COVID-19) pandemic since early 2020 and the unsettled Sino-U.S. trade war which has caused uncertainty on the global economic outlook, the Board believes that the current economy will have an adverse impact on the number of new listing application, which may lead to a weak demand for commercial printing and financial printing services. Moreover, as proposed in the consultation paper published by the Stock Exchange on 24 July 2020 together with the Guidance Letter HKEX-GL86-16 updated on 24 July 2020, a paperless listing and subscription regime and producing simplified listing documents will be introduced, the Board believes that it will shrink the scope of services provided by the Group. As the provision of printing services is one of the major sources of income for the Group, the simplification of the listing documents may lead to the decrease in demand on typesetting and translation services for listing documents. The Board expects that the importance and/or the potential growth of revenue for the Group from preparing listing documents will decline and the negative impact of coronavirus epidemic will last for the next 12 to 24 months at least.

In light of the uncertainties in financial printing business, the management of the Company intended to explore new sustainable business opportunities to diversify its revenue for the interests of the Company and its shareholders as a whole.

In October 2020, the pilot subsidy scheme, i.e. the EV-charging at Home Subsidy Scheme (the "EHSS"), has been opened for application. The EHSS will run for about three years with a view to covering roughly 60,000 private car parking spaces.

To capture the opportunities arising from the potential growth, the Group targeted to enhance the coverage of the EV integrated charging solutions and expected that not less than 3,000 private car parking spaces will be supported by our EV integrated charging solutions by the end of the EHSS.

Hence, the management considered that the business prospects for EV charging business acquired in August 2020 is encouraging and sustainable.

FINANCIAL REVIEW

Revenue

We generate revenue from the provision of printing services in Hong Kong which are classified into (i) commercial printing services; (ii) financial printing services; and (iii) other services. Commercial printing services refer to printing services for our customers' needs of commercial paper printing products. Financial printing services range from designing the cover, layout and artwork of the document, typesetting, translation, uploading, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and listed companies on the Stock Exchange pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or the GEM Listing Rules. Other services primarily comprise standalone ad hoc design and/or translation work ordered by corporate customers (which is not related to listing matters) on a case-by-case basis.

Revenue is also generated from electric vehicle charging business, which can be classified into (i) Sales of electric vehicle charging system to customers directly; and (ii) Subscription fee income for rental of electric vehicle charger at public and private carparks.

The following table sets forth a breakdown of our revenue by service category for the periods indicated.

	For the six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Commercial printing services	**14,706**	21,914
Financial printing services	**14,095**	13,808
Other services	**511**	844
Printing business	**29,312**	36,566
Sales of electric vehicle charging systems	**54**	—
Subscription fee income	**17**	—
Electric vehicle charging business	**71**	—
Total	**29,383**	36,566

Printing business

Our revenue decreased by approximately 19.9% from approximately HK$36.6 million for the six months ended 30 September 2019 to approximately HK$29.3 million for the six months ended 30 September 2020. As illustrated above, the reduction of revenue for the six months ended 30 September 2020 as compared to corresponding period last year was mainly due to the decrease in commercial printing services of approximately HK$7.2 million, resulting from the decrease in sales orders.

(i) Commercial printing

For commercial printing services, the revenue decreased by approximately 32.9%, from approximately HK$21.9 million for the six months ended 30 September 2019 to approximately HK$14.7 million for the six months ended 30 September 2020. The decrease in revenue from commercial printing services was mainly due to the decrease in sales orders from existing customers.

(ii) Financial printing

For financial printing services, the revenue from financial printing services increased by approximately 2.2%, from approximately HK$13.8 million for the six months ended 30 September 2019 to approximately HK$14.1 million for the six months ended 30 September 2020.

(iii) Other services

Revenue from other services decreased by 37.5%, from approximately HK$0.8 million for the six months ended 30 September 2019 to approximately HK$0.5 million for the six months ended 30 September 2020, resulting from the decrease of income from translation services.

Electric vehicle charging business

(i) Sales of electric vehicle charging system

The Group recorded revenue of approximately HK$0.1 million (six months ended 30 September 2019: nil) from sales of electric vehicle charging system.

(ii) Subscription fee income

The Group recorded revenue of approximately HK$0.1 million (six months ended 30 September 2019: nil) from subscription fee income for rental of electric vehicle charger.

Cost of services

Our cost of services mainly comprises direct labour cost, cost of raw materials, production overheads, depreciation and electricity and water.

Our cost of services in printing services decreased by approximately 25.9%, from approximately HK$28.2 million for the six months ended 30 September 2019 to approximately HK$20.9 million for the six months ended 30 September 2020. Such decrease was mainly attributable to the decrease in labour cost and printing materials.

For the six months ended 30 September 2020, the decrease in labour cost was mainly due to the decrease in salary of labour and the decrease in employment of temporary staff. The decrease in printing materials was mainly due to decrease of paper cost as related to drop of order demand.

The cost of services incurred in electric vehicle charging business were mainly HK$1.1 million.

Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin for the period indicated:

	For the six months ended 30 September 2020		
	Printing business	**Electric vehicle charging business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Revenue	**29,312**	**71**	**29,383**
Cost of services	**(20,922)**	**(1,133)**	**(22,055)**
Gross profit/(loss)	**8,390**	**(1,062)**	**7,328**
Gross profit margin	**28.6%**	**N/A**	**24.9%**

	For the six months ended 30 September 2019		
	Printing business	Electric vehicle charging business	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	36,566	—	36,566
Cost of services	(28,206)	—	(28,206)
Gross profit	8,360	—	8,360
Gross profit margin	22.9%	N/A	22.9%

For the six months ended 30 September 2019 and 2020, our gross profit decreased by approximately 13.1%, from approximately HK$8.4 million for the six months ended 30 September 2019 to approximately HK$7.3 million for the six months ended 30 September 2020. The gross profit of printing business remained stable as compared to previous period. The overall gross profit margin decreased was mainly due to gross loss incurred by electric vehicle charging business.

Other income

Other income increased by approximately 66.7%, from approximately HK$0.6 million for the six months ended 30 September 2019 to approximately HK$1.0 million for the six months ended 30 September 2020, mainly resulting from written back of long outstanding trade deposit received from customers as sundry income.

Selling expenses

Our selling expenses refer to expenses incurred on a regular basis for the selling activities of our Group.

Selling expenses decreased by approximately 30.4%, from approximately HK$2.3 million for the six months ended 30 September 2019 to approximately HK$1.6 million for the six months ended 30 September 2020, which was attributable to the decrease in sales commission and salary as a result of the less staff in the sales team during the six months ended 30 September 2020.

Administrative and other operating expenses

Our administrative and operating expenses primarily comprise staff costs and benefits for our administrative staff, depreciation, office expenses, directors' remuneration, repair and maintenance of our office premises, IT maintenance for our office premises and others.

Administrative expenses and other operating expenses increased by approximately 81.5%, from approximately HK$10.8 million for the six months ended 30 September 2019 to approximately HK$19.6 million for the six months ended 30 September 2020, mainly because of the incurrence of professional fee arising from acquisition of new subsidiaries and the costs incurred in the relocation of factory in April 2020.

Finance costs

Our finance costs mainly represent interests on bank borrowings and finance charges on financial lease liabilities. Our finance costs increased by approximately 75% from approximately HK$0.4 million for the six months ended 30 September 2019 to approximately HK$0.7 million for the six months ended 30 September 2020, primarily due to the additional finance costs arising from the new adoption of HKFRS16 "Leases".

Income tax expenses

Our Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

No provision has been made for income tax in the British Virgin Islands (the "BVI") as our Group had no income subject to tax in the BVI for the six months ended 30 September 2019 and 2020.

Hong Kong profits tax has been provided at the rate of 8.25% on first HK$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the six months ended 30 September 2020. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. (six months ended 30 September 2019: 16.5%).

For the six months ended 30 September 2019 and 2020, we recorded an income tax credit of approximately HK$0.4 million and HK$1.18 million respectively, the increment of which was mainly due to the decrease in assessable profits as a result of decrease in profit generated.

Loss and total comprehensive loss for the period attributable to owners of the Company

We recorded a loss and total comprehensive loss of approximately HK$12.3 million for the six months ended 30 September 2020 (30 September 2019: approximately HK$4.2 million). The loss-making position for the six months ended 30 September 2020 was mainly attributable to (1) the decrease in sales orders from existing customers and non-recurring projects, primarily driven by the increasing concern on environmental protection, the popularity of digitalisation of information, the emergence of online marketing, social media and globalisation; (2) the decrease in revenue due to the unfavorable economic environment and the extreme market and operating conditions caused by the outbreak of novel coronavirus pandemic during 2020; (3) the incurrence of additional administrative and other operating expenses due to factory relocation in April 2020 and acquisition of new subsidiaries in August 2020; and (4) the cost incurred in the newly acquired electric vehicle charging services business since August 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2020, total borrowings of the Group amounted to approximately HK$38.7 million (31 March 2020: approximately HK$*35.9* million) which represented all borrowings, including bank borrowings, promissory note and finance lease obligations. Details on the average interest rate and maturity profile of the Group's total borrowings, including bank borrowings, promissory note and finance lease obligations, are set out in the notes 17, 18 and 20 to the condensed consolidated financial statements.

As at 30 September 2020, the debt to equity ratio of the Group was 15.2% (31 March 2020: Nil). Debt to equity ratio is calculated by the net debt (all borrowings, including bank borrowings, promissory note and finance lease obligations, net of cash and cash equivalents) divided by the total equity. Current ratio as at 30 September 2020 was approximately 1.5 time (31 March 2020: approximately 3.1 time).

As at 30 September 2020, the gearing ratio of the Group was 47.4% (31 March 2020: 47.8%). Gearing ratio is calculated based on all borrowings (including bank borrowings, promissory note and finance lease obligations) divided by total equity.

The Group maintained sufficient working capital as at 30 September 2020 with cash and bank balances of approximately HK$26.3 million (31 March 2020: approximately HK$48.8 million). The Board will continue to follow a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well positioned to capture any appropriate business opportunities.

As at 30 September 2020, the Group's net current assets amounted to approximately HK$15.2 million (31 March 2020: net current assets of approximately HK$46.1 million). The Group's operations are principally financed by revenue generated from its business operation, available cash and bank balances as well as bank borrowings.

CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any significant contingent liabilities (31 March 2020: Nil).

CAPITAL COMMITMENTS

As at 30 September 2020, the Group did not have significant capital commitments contracted but not provided for (31 March 2020: Nil).

PLEDGE OF ASSETS

As at 30 September 2020, none of the Group's financial assets was pledged. The bank borrowings are drawn under banking facilities. The banking facilities are secured and guaranteed by personal guarantee of director. For details, please refer to note 17.

EXCHANGE RATE EXPOSURE

The Group mainly operates in Hong Kong. The Group had minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currency of the operating subsidiaries of the Group, i.e. HK$.

As at 30 September 2020, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure from time to time and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate (31 March 2020: Nil).

INVESTMENTS, ACQUISITIONS AND DISPOSALS

Saved for the transaction stated in note 22 to the condensed consolidated interim financial information, during the six months ended 30 September 2020, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the date of this report, the Group did not have any other plans for material investments and capital assets.

PRINCIPAL RISKS AND UNCERTAINTIES

Our Group faces several risk and uncertainty factors that may affect the operating results and business prospects. There may be other risks and uncertainties in addition to those listed below, which are not known to the Group or which may not be material now but could turn out to be material in the future.

— The state of economic, political and legal environment in Hong Kong may adversely affect our business, performance and financial condition;

— We face intense competition in the printing industry and we may not be successful in competing against our competitors;

— Digitalisation of information reduces the demand for printed materials which in turn may reduce the printing orders from our customers. As a result, our business and financial performance may be affected;

— Changes in customers' preferences or spending patterns may materially and adversely affect our business;

— Our business is susceptible to fluctuations of purchase costs for raw materials, i.e. paper, printing plates and printing ink and such fluctuations may materially and adversely affect our profitability and results of operations. We do not have long-term contracts with our suppliers and we may encounter interruptions in the supply of raw materials.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The Group will endeavor to achieve the following business objectives as disclosed in the section headed "Future Plan and Use of Proceeds" in the prospectus of the Company dated 30 April 2018 (the "Prospectus"):

Business Strategies as stated in the Prospectus of the Company	Implementation plans	Actual business progress up to the date of this report
Continue organic growth by solidifying existing customer relationship and developing new relationship; and continue to attract and retain top talent in the industry	• recruit experienced sales staff • enhance and strengthen marketing activities • recruit operation staff to support the growth of business	• hired some sales staff and operation staff.
Acquire a permanent office space for financial printing services for our business expansion	• explore suitable premises	• changed (see section "USE OF PROCEEDS" for details)
Upgrade and acquire new equipment, hardware and software for financial printing services	• acquire new software and hardware • conduct training for staff • upgrade IT server	• leased a range of machineries under finance lease and purchased some office equipment and software.

USE OF PROCEEDS

The net proceeds (the "Net Proceeds") from the initial public offering of the Company in May 2018 amounted to approximately HK$41.0 million (after deducting underwriting commissions and related expenses).

As set out in the announcement of the Group dated 31 July 2020, the Board resolved to reallocate (the "Reallocation") the amount of Net Proceeds which were unutilised (the "Unutilised Net Proceeds"). The intended allocation of the Net Proceeds in accordance with the Prospectus (the "Intended Use of Net Proceeds"), the reallocated use of the Net Proceeds and the actual usage of the Net Proceeds up to 30 September 2020 and the Unutilised Net Proceeds as at 30 September 2020 are set out below:

	Intended Use of Net Proceeds — original allocation	**Revised Use of Net Proceeds — after Reallocation**	**Utilisation up to 30 September 2020**	**Amount of unutilised Net Proceeds as at 30 September 2020**	**Expected time of full utilisation of the remaining balance**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Continue organic growth by solidifying existing customer relationship and developing new relationship; and continue to attract and retain top talent in the industry	1,500	3,180	2,106	1,074	End of 2022 *(Note 1)*
Acquire a permanent office space	37,000	—	n/a	n/a	*(Note 2)*
Upgrade and acquire new equipment, hardware and software	2,500	2,500	1,423	1,077	End of 2022 *(Note 3)*

	Intended Use of Net Proceeds — original allocation *HK$'000*	Revised Use of Net Proceeds — after Reallocation *HK$'000*	Utilisation up to 30 September 2020 *HK$'000*	Amount of unutilised Net Proceeds as at 30 September 2020 *HK$'000*	Expected time of full utilisation of the remaining balance
Explore new sustainable business opportunities	—	20,000	15,000	5,000	End of 2021 *(Note 4)*
Working capital and general corporate purposes	—	15,320	6,668	8,652	End of 2022
Total	41,000	41,000	25,197	15,803	

Notes:

1. The original allocation of approximately HK$1.5 million has been fully utilised on or before 31 March 2020, i.e. the scheduled timeline disclosed in the section headed "Future Plans and Use of Proceeds — Implementation Plans" in the Prospectus.

2. As disclosed in the announcement of the Group dated 31 July 2020, the Board resolved to change the original use of Net Proceeds and reallocate approximately HK$37.0 million out of the Net Proceeds original earmarked for the Group's acquisition of a permanent office space, as to HK$1.7 million of it to finance the Group's continue organic growth by solidifying existing customer relationship and developing new relationship, HK$20.0 million of it to finance the Group's exploring new sustainable business opportunities, and the remaining HK$15.3 million of it as working capital and general corporate purposes for the Group.

3. The actual use of the original allocation of approximately HK$2.5 million has not been fully utilised on or before 31 March 2020 because the workload did not increase as expected during the years ended 31 March 2019 and 2020. Nevertheless, the management only decided to prolong the timeline of the same allocated amount up to the end of 2022 taking account of the importance of improving operation efficiency in the long run.

4. Part of the reallocated amount of HK$15 million was utilised to settle the cash consideration of the acquisition of EV charging business in August 2020.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules. During the six months ended 30 September 2020, saved as otherwise disclosed, the Company had complied with all the applicable code provisions of the Code.

On 23 July 2020, following the approval of the proposed amendments to the articles of association of the Company by the shareholders at the EGM, the redesignation and appointment of Mr. Wu Jianwei ("Mr. Wu") and Mr. Liang Zihao ("Mr. Liang") as the co-chairmen of the Board has become effective.

Code provision A.2.1 of the Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liang's appointment as both the co-chairman and the chief executive office of the Company deviates from code provision A.2.1. The Board considers that appointing Mr. Liang as a new co-chairman will enable the Board to function more effectively when Mr. Wu is not available to attend the Board meeting in person. It is expected that, going forward, Mr. Wu will perform the other functions and responsibilities of the chairman under the Code. The Board believes that the balance of power and authority is adequately ensured by its operations and governance which comprises experienced and high calibre individuals, with half of them being independent non-executive Directors.

Following the appointment, Mr. Liang, who is mainly responsible for providing overall leadership in the Group, formulating corporate strategy, planning and business development as well as operations and management of the Group and making day-to-day operational and managerial decisions, will continue working closely with Mr. Wu who is responsible for providing the overall strategic development of the business of the Group. Mr. Wu has confirmed that he will continue to be the responsible person providing overall leadership in the strategic development of the business of the Group and overseeing the management of the Board and will remain fully committed to the Group. The Board expects the collaboration between Mr. Wu and Mr. Liang will help the Group to move forward with more growth potential.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Standard of Dealings"), as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the Standard of Dealings during the six months ended 30 September 2020.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme"), the principal terms of which are summarised in the section headed "Appendix IV — Statutory and General Information — D. Share Option Scheme" in the Prospectus.

No share option has been granted or exercised under the Scheme during the six months ended 30 September 2020. No share option was outstanding as at 30 September 2020.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and chief executives' interest and/or short positions in shares, underlying shares and debentures of the Company or any associated corporation" below and "Share option scheme" above, at no time during the six months ended 30 September 2020 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither of the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

(I) Long position in shares or underlying shares of the Company

Name of Director	Capacity	Number of shares or underlying shares held: Ordinary shares	Number of shares or underlying shares held: Share options	Total	Percentage of issued share capital
Mr. Wu Jianwei	Interest of controlled corporation	235,603,225	–	235,603,225	49.03%
Mr. Liang Zihao	Interest of controlled corporation	235,603,225	–	235,603,225	49.03%
Mr. Lau Wai Yan Lawson	Interest of controlled corporation	22,802,703	–	22,802,703	4.75%
Mr. Li Man Keung Edwin	Beneficial owner	5,912,613	–	5,912,613	1.23%

Note:

1. Mr. Wu owns 51% of the issued share capital of Global Fortune Global Limited ("Global Fortune"). Mr. Wu is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.

2. Mr. Liang owns 49% of the issued share capital of Global Fortune. Mr. Liang is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.

3. Mr. Lau owns 100% of the issued share capital of Cornerstone Wealth Holdings Limited ("Cornerstone Wealth"). Mr. Lau is deemed to be interested in the Shares in which Cornerstone Wealth is interested under the SFO.

(II) Long position in shares or underlying shares of associated corporations

Name of Directors	Name of associated corporation	Capacity	Number of share(s) held	Percentage of issued share capital
Mr. Wu Jianwei	Global Fortune	Beneficial owner	51	51%
Mr. Liang Zihao	Global Fortune	Beneficial owner	49	49%
Mr. Lau Wai Yan Lawson	Cornerstone Wealth	Beneficial owner	1	100%

Notes:

1. Global Fortune is legally and beneficially owned as to 51% by Mr. Wu. Therefore by virtue of the SFO, Mr. Wu is deemed to have the interest owned by Global Fortune.

2. Global Fortune is legally and beneficially owned as to 49% by Mr. Liang. Therefore Mr Liang is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.

3. Cornerstone Wealth is legally and beneficially owned as to 100% by Mr. Lau. Therefore by virtue of the SFO, Mr. Lau is deemed to have the interest owned by Cornerstone Wealth.

Save as disclosed above, as at 30 September 2020, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2020, the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executives of the Company) in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein, were as follows:

Name of substantial shareholder	Long/ short position	Capacity	Number of shares held	Percentage of issued share capital
Global Fortune	Long position	Beneficial owner *(Note 1)*	235,603,225	49.03%
Glorytwin Limited ("Glorytwin")	Long position	Beneficial owner *(Note 2)*	94,200,000	19.60%
Colorful Bay Limited ("Colorful Bay")	Long position	Deemed interest, Interest in controlled corporation *(Note 2)*	94,200,000	19.60%

Note:

1. Global Fortune is legally and beneficially owned as to 51% and 49% by Mr. Wu and Mr. Liang respectively. Therefore by virtue of the SFO, Mr. Wu and Mr. Liang are deemed to have the interest owned by Global Fortune.

2. Glorytwin is legally and beneficially owned as to 90% by Colorful Bay. Therefore by virtue of the SFO, Colorful Bay is deemed to have the interest owned by Glorytwin. Colorful Bay is legally and beneficially owned as to 100% by Mr. So Wing Keung ("Mr. So"). Therefore by virtue of the SFO, Mr. So is deemed to have the interest owned by Colorful Bay.

Save as disclosed above, as at 30 September 2020, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERESTS IN COMPETING BUSINESS

For the six months ended 30 September 2020, none of the Directors or any of their respective close associates (as defined under the GEM Listing Rules) were engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor were they aware of any other conflicts of interest which any such persons had or may have with the Group.

DEED OF NON-COMPETITION

Mr. So Wing Keung, Mr. Leung Shu Kin, Colorful Bay, Deep Champion Limited and Glorytwin (the "Covenantors"), being the controlling shareholders (as defined under the GEM Listing Rules) of the Company, have entered into a deed of non-competition in favour of the Company (the "Deed of Non-competition"). Each of the Covenantors has undertaken under the Deed of Non-competition that he or it shall not engage in competing business and shall provide to the Company all information necessary for the enforcement of the Deed of Non-competition. Details of the Deed of Non-competition have been disclosed in the section headed "Relationship with Controlling Shareholders – Deed of Non-competition" of the Prospectus.

Each of the Covenantors has confirmed his or its compliance with the terms of the Deed of Non-competition and the independent non-executive Directors were not aware of any non-compliance of the Deed of Non-competition given by the Covenantors during the six months ended 30 September 2020.

INTERESTS OF COMPLIANCE ADVISER

As confirmed by the compliance adviser of the Company, Dakin Capital Limited ("Dakin"), as at 30 September 2020, neither Dakin nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CHANGE IN DIRECTOR'S INFORMATION

The change in director's information as required to be disclosed pursuant to Rule 17.50(2) and Rule 17.50A of the GEM Listing Rules, since the publication of the 2019-2020 Annual Report of the Company, is set out below:

Executive Directors

Mr. Li Man Keung（李民強）("Mr. Li") was appointed as an executive Director of our Company on 24 August 2020 and he is responsible for formulating the investment strategies in the electric vehicle business and monitoring the investments made by Cornerstone EV Charging Service Limited, which is a subsidiary of the Group.

Mr. Li obtained his diploma of Mechanical Engineering Technician – Drafting Design and diploma of Electro-Mechanical Engineering Technician from Humber College Institute of Technology and Advanced Learning in Canada in 1990 and 1991, respectively. Since 1991, he has been a director of Kwoon Kwen Metal Ware Company Limited, a company incorporated in Hong Kong, which is principally engaged in manufacturing of small metal parts, power tools and machinery parts. He has also been a director of Kwoon Kwen Ying Enterprises Limited since 1994, a company incorporated in Hong Kong, which is principally engaged in the business of property development.

Mr. Lau Wai Yan Lawson（劉偉恩）("Mr. Lau") was appointed as an executive Director of our Company on 24 August 2020 and he is responsible for the development of intelligence electric vehicle charging service with multiple payment systems in major car parks.

Mr. Lau obtained a bachelor of business (double major in marketing and electronic commerce) at the Edith Cowan University in Perth, Western Australia in 2002. He is currently one of the committee members of Hong Kong E-Vehicles Business General Association. Since 2018, he has been the director of Cornerstone Renewable Energy Limited, a company incorporated in Hong Kong, which is an environmental service provider principally engaged in (i) providing advanced recycling machines and solar panels; and (ii) supplying topnotch recycling and renewable energy solutions for the industry and stakeholders in the Hong Kong market.

AUDIT COMMITTEE

The Company established the Audit Committee on 19 April 2018 with written terms of reference renewed on 18 February 2019 in compliance with the GEM Listing Rules. The principal duties of the Audit Committee are to review and to supervise the financial reporting process and internal control systems of the Group. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Yuen Chun Fai (chairman of the Audit Committee), Mr. Tam Ka Hei Raymond and Ms. Zhu Xiaohui.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020 and is of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosures have been made in respect thereof.

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

Hong Kong, 13 November 2020

As at the date of this report, the executive Directors are Mr. LIANG Zihao, Mr. SAM WENG WA Michael, Mr. LI Man Keung Edwin and Mr. LAU Wai Yan Lawson, 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.

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2020, together with the comparative unaudited figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		For the three months ended 30 September		For the six months ended 30 September	
		2020	2019	**2020**	2019
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Note	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*6*	**12,533**	16,132	**29,383**	36,566
Cost of services		**(9,288)**	(12,886)	**(22,055)**	(28,206)
Gross profit		**3,245**	3,246	**7,328**	8,360
Other income	*7*	**661**	234	**1,019**	558
Selling expenses		**(1,100)**	(1,387)	**(1,554)**	(2,277)
Administrative and other operating expenses		**(9,918)**	(5,484)	**(19,582)**	(10,760)
Finance costs	*8*	**(381)**	(250)	**(723)**	(406)
Loss before tax	*9*	**(7,493)**	(3,641)	**(13,512)**	(4,525)
Income tax expense	*10*	**492**	401	**1,181**	366
Loss and total comprehensive expense for the period		**(7,001)**	(3,240)	**(12,331)**	(4,159)

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2020	2019	**2020**	2019
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Loss and total comprehensive expense for the period attributable to:					
Owners of the Company		**(7,001)**	(3,303)	**(12,331)**	(4,230)
Non-controlling interests		**—**	63	**—**	71
		(7,001)	(3,240)	**(12,331)**	(4,159)
		HK cents	*HK cents*	***HK cents***	*HK cents*
Loss per share attributable to owners of the Company					
Basic and diluted	*11*	**(1.50)**	(0.75)	**(2.72)**	(0.96)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note	At 30 September 2020 HK$'000 (Unaudited)	At 31 March 2020 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*13*	**23,247**	20,175
Right-of-use assets		**32,631**	35,664
Intangible assets		**3,489**	—
Goodwill	*22*	**33,785**	—
Rental deposits		**3,080**	2,930
Deferred tax assets		**706**	11
		96,938	58,780
Current assets			
Inventories	*14*	**2,031**	924
Contract assets		**193**	193
Trade and other receivables	*15*	**13,595**	17,069
Tax recoverable		**778**	964
Bank balances and cash		**26,293**	48,766
		42,890	67,916
Current liabilities			
Contract liabilities		**709**	709
Trade and other payables	*16*	**15,089**	10,632
Bank borrowings	*17*	**200**	241
Lease liabilities	*18*	**11,739**	9,908
Provisions	*19*	**—**	300
		27,737	21,790

	Note	At 30 September 2020 HK$'000 (Unaudited)	At 31 March 2020 HK$'000 (Audited)
Net current assets		**15,153**	46,126
Total assets less current liabilities		**112,091**	104,906
Non-current liabilities			
Bank borrowings	*17*	**117**	—
Lease liabilities	*18*	**21,595**	25,747
Provisions	*19*	**886**	886
Promissory note	*20*	**5,042**	—
Deferred tax liabilities		**2,855**	3,197
		30,495	29,830
NET ASSETS		**81,596**	75,076
Capital and reserves			
Share capital	*21*	**4,805**	4,400
Reserves		**76,791**	70,676
TOTAL EQUITY		**81,596**	75,076

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000 (Note a)	Capital reserve HK$'000 (Note b)	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2020 (Audited)	4,400	52,821	17,802	53	75,076	–	75,076
Issued of share	405	18,446	–	–	18,851	–	18,851
Loss and total comprehensive expense for the period	–	–	–	(12,331)	(12,331)	–	(12,331)
Balance at 30 September 2020 (Unaudited)	4,805	71,267	17,802	(12,278)	81,596	–	81,596
At 1 April 2019 (Restated)	**4,400**	**52,821**	**17,802**	**16,392**	**91,415**	**389**	**91,804**
Change in equity for the six months ended 30 September 2019:							
(Loss) profit and total comprehensive (expense) income for the period	**–**	**–**	**–**	**(4,230)**	**(4,230)**	**71**	**(4,159)**
Balance at 30 September 2019 (Unaudited)	**4,400**	**52,821**	**17,802**	**12,162**	**87,185**	**460**	**87,645**

Note a: Share premium represents the excess of the net proceeds from issuance of the Company's share over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company remains able to pay our debts as and when they fall due in the ordinary course of business.

Note b: Capital reserve represents the aggregate amount of the issued share capital of the entities now comprising the Group less consideration paid to acquire the relevant interests (if any) in relation to the Reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	For the six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**997**	5,297
INVESTING ACTIVITIES		
Payment for the purchase of property, plant and equipment	**(5,879)**	(277)
Acquisition of subsidiaries net of cash acquired *(Note 22)*	**(13,933)**	—
Proceeds from disposal of property, plant and equipment	**2,315**	180
Other cash flows arising from investing activities	**1**	(5,870)
Net cash used in investing activities	**(17,496)**	(5,967)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(273)**	(1,441)
Repayment of obligations under finance leases	**(5,695)**	(182)
Interest paid	**(6)**	(77)
Net cash used in generated from financing activities	**(5,974)**	(1,700)
Net decrease in cash and cash equivalents	**(22,473)**	(2,370)
Cash and cash equivalents at beginning of period	**48,766**	62,145
Cash and cash equivalents at end of period, represented by bank balances and cash	**26,293**	59,775

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

1. GENERAL INFORMATION

The Company (formerly known as Elegance Commercial and Financial Printing Group Limited) renamed to Cornerstone Technologies Holdings Limited, was incorporated as an exempted company with limited liability in the Cayman Islands on 24 January 2017. The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is situated at 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is an investment holding company and together with its subsidiaries are principally engaged in the provision of printing, typesetting and translation services in Hong Kong. During the period, the Company also engaged in electric vehicle charging business through a business acquisition completed in August 2020.

The Company's shares were listed on the GEM Board of The Stock Exchange Hong Kong Limited (the "Stock Exchange").

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollar (HK$'000), unless otherwise stated.

This condensed consolidated interim financial information has not been audited.

The outbreak of the 2019 Novel Coronavirus ("COVID-19") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the Group including decrease and delay in rendering services, delay in launch of new services, allowance for expected credit losses on various financial assets, impairment of goodwill and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated interim financial information does not include all the notes of the type normally included in the annual financial statements, accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKAS 1 and HKAS 8	*Definition of Material*
Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosure set out in these condensed consolidated interim financial statements.

The Group has not early adopted any new or revised HKFRSs that have been issued but are not yet effective in the unaudited condensed consolidated interim financial statements.

3.1 Accounting Policies Newly Applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/ a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Revenue recognition

(a) Sale of goods – electric vehicle charging systems

Revenue is recognised when control of the goods has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

When the Group provides installation services for the sale of electric vehicle charging systems, the goods or services are highly related in which the Group would not be able to fulfil its promises by transferring each of the goods or services independently. Thus installation services bundled together with the sale of electric vehicle charging systems are not considered distinct. Revenue from sales of goods is recognised when the control of the asset has been transferred to the customer, which is usually upon the installation services are completed.

(b) Subscription fee income - rental of electric vehicle charger

Revenue is recognised over time as the performance obligation is satisfied when the customer receives and uses the benefits simultaneously.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing of this condensed consolidated interim financial information, significant judgments were made by management in applying the Group's accounting policies and the key sources of estimation. Uncertainty was the same as those applied to the preparation of the consolidated financial statements for the year ended 31 March 2020.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2020.

There have been no significant changes in risk management policies during the six months ended 30 September 2020.

5.2 Fair value estimation

The Group's financial assets include contract assets, deposits, trade and other receivables, bank balances and cash. The Group's financial liabilities include trade and other payables, bank loan and promissory note. The fair value for financial assets and liabilities with maturities less than one year are assumed to approximate their carrying amounts due to their short term maturities.

The different levels of fair value hierarchy are defined as below:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 — Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Since the carrying amounts of the Group's financial instruments approximate to their fair values, no separate disclosure of the fair value of the Group's financial instruments is made in the unaudited condensed consolidated interim financial information.

6. REVENUE AND SEGMENT INFORMATION

Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focus on the types of services provided.

Upon completion of the business combinations as disclosed in note 22, the Group's reportable and operating segments under HKFRS 8 Operating Segments are increased as follow:

1) The provision of printing, typesetting and translation services; and
2) The provision of electric vehicle charging solution services and sales of electric vehicle charging systems.

Revenue

Disaggregation of revenue from contracts with customers

	For the three months ended 30 September		**For the six months ended 30 September**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Printing business				
— Commercial printing services	**7,321**	9,839	**14,706**	21,914
— Financial printing services	**4,803**	6,053	**14,095**	13,808
— Other services *(Note)*	**338**	240	**511**	844
Electric vehicle charging business				
— Sales of electric vehicle charging systems	**54**	—	**54**	—
— Subscription fee income	**17**	—	**17**	—
	12,533	16,132	**29,383**	36,566

Note: Other services included ad hoc design and artworks, and/other printing services.

Segments revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

Six months ended 30 September 2020 (unaudited)

	Printing business *HK$'000*	**Electric vehicle charging business** *HK$'000*	**Total** *HK$'000*
Revenue	**29,312**	**71**	**29,383**
Segment loss	**(6,925)**	**(5,406)**	**(12,331)**

Six months ended 30 September 2019 (unaudited)

	Printing business *HK$'000*	Electric vehicle charging business *HK$'000*	Total *HK$'000*
Revenue	36,566	—	36,566
Segment loss	(4,159)	—	(4,159)

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Segments assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

	30 September 2020 HK$'000 (unaudited)	31 March 2020 HK$'000 (audited)
Assets		
Printing business	123,240	126,696
Electric vehicle charging business	16,588	—
Total segment assets	139,828	126,696
Liabilities		
Printing business	38,485	51,620
Electric vehicle charging business	19,747	—
Total segment liabilities	58,232	51,620

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. All of the Group's revenue from external customers during each of the reporting periods is derived from Hong Kong and all of the Group's assets and liabilities are located in Hong Kong.

7. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest income	**29**	203	**57**	356
Sundry income	**632**	31	**962**	202
	661	234	**1,019**	558

8. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest on bank borrowings	**5**	21	**5**	50
Interest on lease liabilities	**334**	229	**676**	356
Interest on promissory note	**42**	—	**42**	—
	381	250	**723**	406

9. LOSS BEFORE TAX

This is stated after charging (crediting):

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Staff costs (including directors' emoluments)				
— Salaries and other benefits	**8,003**	8,844	**14,668**	18,024
— Contributions to defined contribution plans	**431**	377	**694**	764
	8,434	9,221	**15,362**	18,788
Other items				
Auditor's remuneration	**220**	230	**459**	452
Cost of inventories *(Note)*	**9,288**	12,886	**22,055**	28,206
Depreciation of property, plant and equipment	**1,457**	1,741	**2,839**	3,702
Depreciation of right-of-use assets	**2,783**	3,081	**5,345**	6,014
Amortisation of intangible assets	**120**	—	**120**	—
Exchange (gain) loss, net	**(5)**	3	**(8)**	4
Loss (gain) on disposal of property, plant and equipment, net	**3**	(1)	**1,326**	165
Factory relocation expenses	**—**	—	**2,828**	—
Operating lease of premises	**276**	—	**276**	—

Note: During the six months ended 30 September 2020, cost of inventories included approximately HK$13.2 million (six months ended 30 September 2019: approximately HK$18.9 million) relating to the aggregate amount of certain staff costs, depreciation and operating lease charges, which were included in the respective amounts as disclosed above.

10. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax — Hong Kong Profits Tax:				
Provision for the period	**80**	(15)	**186**	302
Deferred taxation	**(572)**	(386)	**(1,367)**	(668)
	(492)	(401)	**(1,181)**	(366)

The Group's entities established in the Cayman Islands and the British Virgin Islands (the "BVI") are exempted from income tax.

Hong Kong Profits Tax has been provided at the rate of 8.25% on the first HK$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the six months ended 30 September 2020. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (six months ended 30 September 2019: 16.5%).

11. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	For the three months ended 30 September		For the six months ended 30 September	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Loss:				
Loss for the purpose of calculation basic loss per share	**(7,001)**	(3,303)	**(12,331)**	(4,230)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share *('000)*	**467,027**	440,000	**453,514**	440,000

During the period, the Group has issued 40,540,541 consideration shares for acquisition of subsidiaries and the number of ordinary shares had been increased from 440,000,000 to 480,540,541 For details, please refer to note 21.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share was on the basis as if the capitalisation issue had been effective on 4 August 2020.

Diluted loss per share are same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 September 2020 and 2019.

12. DIVIDENDS

The Board does not recommend the payment of an interim dividend to the Company for the six months ended 30 September 2020 (2019: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group has acquired property, plant and equipment of HK$5.9 million (31 March 2020: approximately HK$0.4 million). The items of property, plant and equipment with carrying amount of HK$3.6 million (31 March 2020: approximately HK$0.1 million) were written off or disposed during the six months ended 30 September 2020.

14. INVENTORIES

	At 30 September 2020 *HK$'000* **(Unaudited)**	At 31 March 2020 *HK$'000* (Audited)
Raw materials	**1,782**	860
Work in progress	**249**	64
	2,031	924

15. TRADE AND OTHER RECEIVABLES

	At 30 September 2020 *HK$'000* (Unaudited)	At 31 March 2020 *HK$'000* (Audited)
Trade receivables	**9,437**	9,366
Other receivables		
Prepayments	**1,893**	1,218
Deposits and other receivables	**2,265**	6,485
	4,158	7,703
	13,595	17,069

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The average credit period granted was ranging from 7 to 60 days. At the end of the reporting period, the ageing analysis of trade receivables based on invoice date is as follows:

	At 30 September 2020 *HK$'000* (Unaudited)	At 30 March 2020 *HK$'000* (Audited)
Less than 30 days	**4,361**	4,117
31 to 60 days	**1,668**	1,898
61 to 90 days	**2,391**	1,736
Over 90 days	**1,017**	1,615
	9,437	9,366

At the end of the reporting period, the ageing analysis of trade receivables which are past due but not impaired is as follows:

	At 30 September 2020	At 31 March 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**4,928**	4,124
Past due:		
Less than 30 days	**4,397**	2,809
31 to 60 days	**21**	963
61 to 90 days	**34**	543
Over 90 days	**57**	927
	4,509	5,242
	9,437	9,366

The trade receivables that are past due but not impaired related to a number of independent customers that have a good track record with the Group. The Group has not recognised impairment on these balances as there has not been a significant change in credit quality and the directors believe that the amounts are recoverable. The Group does not hold any collateral over these balances.

Receivables that are neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

16. TRADE AND OTHER PAYABLES

	At 30 September 2020 *HK$'000* (Unaudited)	At 31 March 2020 *HK$'000* (Audited)
Trade payables	**1,933**	1,378
Other payables		
Accruals and other payables	**3,943**	4,669
Receipts in advance	**9,213**	4,585
	13,156	9,254
	15,089	10,632

The trade payables are non-interest bearing and the Group is normally granted with credit terms ranging from 30 to 90 days.

The ageing analysis of trade payables, at the end of the reporting period based on the invoice date, is as follows:

	At 30 September 2020 *HK$'000* (Unaudited)	At 31 March 2020 *HK$'000* (Audited)
Less than 30 days	**741**	668
31 to 60 days	**949**	587
61 to 90 days	**243**	123
	1,933	1,378

17. BANK BORROWINGS

At the end of the reporting period, the details of the bank borrowings of the Group are as follows:

	At 30 September 2020 *HK$'000* **(Unaudited)**	At 31 March 2020 *HK$'000* (Audited)
Bank borrowings — secured	**317**	241
Carrying amounts of bank borrowings that are repayable *(Note)*		
Within one year	**200**	241
More than one year, but not exceeding two years	**117**	—
Amounts shown under current liabilities	**317**	241

Note: All bank borrowings contain a repayment on demand clause and the amounts due are presented based on scheduled repayment dates set out in the loan agreements. The bank borrowings bear a flat interest rate of 0.55% per month.

The bank borrowings are drawn under banking facilities of a subsidiary. The banking facilities are secured and guaranteed by personal guarantees given by the director Lau Wai Yan Lawson.

If the subsidiary was default in repayment or to breach any covenant, the drawn down facilities would become repayable on demand. In addition, the subsidiary's loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the subsidiary has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants and has made payments according to the schedule of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. As at 30 September 2020 and 31 March 2020, none of the covenants relating to drawn down facilities had been breached.

18. LEASE LIABILITIES

	30 September 2020 HK$'000 (Unaudited)	31 March 2020 HK$'000 (Audited)
Lease liabilities payable:		
Within one year	**11,739**	9,908
Within a period of more than one year but not more than two years	**9,156**	10,379
Within a period of more than two years but not more than five years	**12,439**	11,890
Within a period of more than five years	**—**	3,478
	33,334	35,655
Less: Amount due to settlement within 12 months shown under current liabilities	**(11,739)**	(9,908)
Amount due to settlement after 12 months shown under non-current liabilities	**21,595**	25,747

19. PROVISIONS

	30 September 2020 HK$'000 (Unaudited)	31 March 2020 HK$'000 (Audited)
Reinstatement provisions	**886**	1,186
Analysed for reporting purposes as:		
Non-current liabilities	**886**	886
Current liabilities	**—**	300
	886	1,186

20. PROMISSORY NOTE

On 4th August 2020, the Company and Norenex Limited entered into an agreement of which the Company agreed to issue an unsecured interest-bearing note with aggregate principal amounts of HK$5,000,000, which bears interests ranging of 5% per annum with a maturity date for three years from date of issue, as part of consideration for acquisition of subsidiary, Cornerstone EV Charging Service Limited ("Cornerstone EV"). The Company may, in its sole discretion, exercise the right of early redemption, by electing to repay all or any part of the outstanding amount at any time prior to the maturity date.

The Company has assessed the fair value of the promissory note at initial recognition and at the end of the reporting period and consider that the carrying value is a reasonable approximation of its fair value.

The promissory note recognised in the condensed consolidated statement of financial position of the Group is calculated as follows:

	HK$'000
Issue during the period	5,000
Interest payable	42
At 30 September 2020	5,042

21. SHARE CAPITAL

		At 30 September 2020		*At 31 March 2020*	
	Note	*No. of shares '000*	*Amount HK$'000*	*No. of shares '000*	*Amount HK$'000*
Authorised:					
Ordinary shares of HK$0.01 each					
At the beginning of the reporting period		*100,000,000*	*1,000,000*	*100,000,000*	*1,000,000*
At the end of the reporting period		*100,000,000*	*1,000,000*	*100,000,000*	*1,000,000*
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At the beginning of the reporting period		*440,000*	*4,400*	*440,000*	*4,400*
Issue of shares pursuant to acquisition of subsidiaries	*(a)*	*40,541*	*405*	–	–
At the end of the reporting period		*480,541*	*4,805*	*440,000*	*4,400*

(a) On 3 August 2020, the Company alloted and issued of 40,540,541 consideration shares pursuant to the acquisition of 100% of issued shares of Cornerstone EV. Details of which are disclosed in announcement of the Group dated 4 August 2020.

22. BUSINESS COMBINATION

On 4 August 2020, The Group acquired a 100% equity interest in Cornerstone EV, which is principally engaged in supplying electric vehicle charging solutions services and sales of electric vehicle charging systems, at a consideration of HK$38,851,000. The aggregated fair value of identifiable net assets of Cornerstone EV on the acquisition date was HK$66,000. The acquisition was made as part of the Group's strategy to explore new sustainable business opportunities.

The fair values of the identifiable assets and liabilities of Cornerstone EV as the date of acquisition were as follows:

	HK$'000
Consideration for acquisition of subsidiaries	(Unaudited)
Issuance of share capital	18,851
Cash	15,000
Issuance of promissory note	5,000
Total consideration:	38,851
Net assets acquired:	
Cash and cash equivalents	1,067
Intangible assets	3,609
Property, plant and equipments	3,673
Right of use assets	2,311
Inventories	1,549
Trade and other receivables	167
Utility deposit and prepayments	1,289
Trade and other payables	(4,920)
Accruals and deposit received	(300)
Bank borrowings	(350)
Lease liabilities	(2,699)
Shareholder's loan	(5,000)
Deferred tax liabilities	(330)
Total identifiable net assets	66
Total consideration:	38,851
Less: Shareholder's loan assumed	(5,000)
Less: Total identifiable net assets	(66)
Provisional goodwill on acquisition	33,785

An analysis of cash and cash equivalents included in cash flow from investing activities	*HK$'000*
Cash and cash equivalents in subsidiaries acquired	1,067
Consideration for acquisition settled in cash	(15,000)
Cash paid on acquisition	13,933

The above acquisition is determined on a provisional basis as the Group is in the process of completing the independent valuation to assess the fair values of the identified assets acquired. It may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition dates.

During the period, the acquired business contributed HK$71,000 and HK$5,406,000 to the Group's revenue and loss for the period between the date of acquisition and the end of the reporting period, respectively.

The transaction costs incurred by the Group for the acquisition had been expensed and included in administrative expenses in the condensed consolidated statement of profit or loss and comprehensive income for the six months ended 30 September 2020.

23. RETIREMENT BENEFITS SCHEME

Defined contribution plans

The Group joins an Occupational Retirement Schemes Ordinance scheme (the "ORSO Scheme") for their qualifying employees in Hong Kong. The ORSO Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Occupational Retirement Schemes Ordinance. The assets of the ORSO Scheme are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the ORSO Scheme, the Group and its employees are each required to make contribution to the ORSO Scheme at such rates specified in the rules of the ORSO Scheme. The obligation of the Group with respect of the ORSO Scheme is to make the required contribution under the ORSO Scheme. The retirement benefits costs charged to the consolidated statement of comprehensive income represent contributions payable to the ORSO Scheme by the Group.

24. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in the notes to the condensed consolidated financial statements, the Group had the following related party transactions during the six months ended 30 September 2020 and 2019:

Name of related company	Nature of transactions	For the six months ended 30 September	
		2020	2019
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Global Window *(Note (i))*	Depreciation *(Note (ii))*	—	1,520
Global Window *(Note (i))*	Finance costs *(Note (ii))*	—	34
Cornerstone Wealth *(Note (iii))*	Acquisition of subsidiaries	**10,603**	—
Norenex *(Note (iii))*	Acquisition of subsidiaries	**28,248**	—
Norenex *(Note (iii))*	Interest on promissory note	**42**	—

Notes:

(i) This related company is controlled by the Ultimate Controlling Party during the six months ended 30 September 2019. Global Window was no longer a related company of the Group upon the Ultimate Controlling Party sold all of the shares held of Global Window to an independent third party on 28 June 2019.

(ii) This represent the costs recognised upon the adoption of HKFRS 16 'Lease' in respect of its lease contracts entered into with Global Window.

(iii) These related companies are controlled by the Ultimate Controlling Party during the six months ended 30 September 2020.

(b) Remuneration for key management personnel (including directors) of the Group:

	For the six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	**1,649**	2,560
Contributions to defined contribution retirement scheme	**58**	80
	1,707	2,640

25. FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 30 September 2020 and 31 March 2020.

26. EVENTS AFTER THE REPORTING PERIOD

As from 30 September 2020 to the date of this report, the Board is not aware of any event that has occurred which requires disclosure.

27. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 13 November 2020.