



ANNUAL REPORT 2021

Incorporated in the Cayman Islands with limited liability Stock Code: 8391

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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)* Mr. Li Man Keung Edwin *(Vice Chairman)* ^(Note 1) Mr. Sam Weng Wa Michael Mr. Lau Wai Yan Lawson Mr. Pan Wenyuan ^(Note 2)

NON-EXECUTIVE DIRECTOR

Mr. Wu Jianwei (Co-chairman)

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

- Note 1: Appointed as Vice Chairman on 18 March 2022
- Note 2: Appointed on 22 March 2021

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson (CPA)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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REGISTERED OFFICE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong

AUDITOR

D & PARTNERS CPA LIMITED *Certified Public Accountant* 2201, 22/F., West Exchange Tower 322 Des Voeux Road Central Sheung Wan Hong Kong

STOCK CODE 8391

WEBSITE

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Chairman's Statement

Dear Shareholders:

On behalf of the board of Directors (the "Board") of Cornerstone Technologies Holdings Limited (the "Company"), I am pleased to present to you the annual result of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 (the "Year under review").

The business environment is awash with turmoil and uncertainty. Due to the severe global economic damage brought by the COVID-19 epidemic and the trend of paperless, the commercial printing business of the Group has significantly decreased in the Year under review. For ensuring the capacities of sustainable development and profitability growth, the Group acquired electric vehicles (EV) charging business in August 2020. As the global issue "carbon neutrality" is highly valued, countries have accelerated the implementation of emission reduction measures, and the global sales of electric vehicles have picked up stream during this dark time, creating an environment for the EV charging industry to thrive and grow rapidly. Therefore, We have continued to invest resources in the EV charging industry and have successfully propelled the business forward in this challenging year. During the Year under review, the Group's EV charging business recorded a revenue of approximately HK\$6.8 million.

With the rising awareness of the environmental and climate crisis, many countries have set out periodic policy targets for electric vehicles. 33 countries and 11 automobile manufacturers around the world also signed the "Declaration on Accelerating the Transformation of 100% Emission-free Vehicles" at the 26th Climate Change Conference of the United Nations. It shows that 24 countries, such as United Kingdom and Canada, expected to stop selling fossil fuel-powered vehicles by 2040 or earlier; other 9 countries, including India and Turkey, have promised to significantly accelerate the popularization of emission-free vehicles; 11 automobile manufacturers have pledged to sell zero-carbon new cars in major markets by 2035, which means that electric vehicles will become the mainstream in the future.

In order to gain more popularity of electric vehicles, local governments have also invested in the infrastructure required by electric vehicles, including a large number of charging stations, charging piles and smart grids. The Hong Kong government is also relying on departments to prepare for changes as the number of electric vehicles increases. As one of the leading service providers in the electric vehicle charging market in Hong Kong, we are also seizing the opportunities brought about by the rapid development of electric vehicles.

During the Year under review, the Group actively in securing a number of successful projects for electric vehicle charging facilities in public and private car parks throughout Hong Kong, mainly including (I) the provision of cornerstone EV chargers and installation services for Hyundai Motor Kona EV buyers; (II) the provision and installation of direct current ("DC") charging facilities for battery-electric buses ("eBuses") for The Kowloon Motor Bus Company (1933) Limited ("KMB") in Hong Kong; and (III) exclusive licensing agreements ("Exclusive Licensing Agreements ") with People's Place, to conduct EV charging projects in residential areas in Hong Kong and to enter into exclusive licensing agreements for EV charging projects in residential areas in Hong Kong covering more than 5,000 parking spaces, to further expand our network of charging stations.

In addition, the government's policies have also been a strong driving force for our development. In the Year under review, the government released the Clean Air Blueprint for Hong Kong 2035 and Hong Kong Roadmap of Popularisation of Electric Vehicles, which aim to achieve zero emissions for all vehicles by 2050. And the HK\$3.5 billion of EV charging at Home Subsidy Scheme to assist the installation of EV charging infrastructure in car parks of private residential buildings. The Group expects to benefit from these policies that encouraging the installation and installation of EV charging facilities. We anticipate that the government will continue to support the development of electric vehicle infrastructure in the future, and the Group will seize every opportunity at every critical moment to support Hong Kong towards the vision of "Zero Carbon Emissions - Clean Air - Smart City".

Looking forward, the Group will continue to innovate itself and expand its business in various ways. As many automobile brands have indicated that their petrol vehicles will be replaced by electric vehicles in the future, we also take the initiative to cooperate with different brands to design different cooperation solutions and provide more diversified comprehensive charging solutions for electric vehicles. In line with the government's policy, we have actively participated in the government's electric vehicle charging project. After the Year under review, we have successfully invested in a number of Hong Kong government departments' charging facilities projects. One of the strategic development goals of the Group is to enter the southeast Asian EV charging market. With our rich experience in Hong Kong, we have successfully expanded our business to Cambodia. The first phase of the project will install chargers in 10 major shopping malls and fuel stations, laying a solid foundation for our development in the emerging EV market. The Group will continue to improve its software capabilities and quality technologies to maintain a competitive advantage, thereby consolidating our market position. We strive to make the electric vehicle charging business gradually become the core profit contribution of the Group.

On behalf of the Board, I would like to express our sincere gratitude to our business partners, customers, providers and shareholders for their support placed in us. I would also like to thank our staff for their tremendous effort and contribution.

Yours sincerely,

Co-Chairman Liang Zihao

Hong Kong, 31 March 2022



Re-energise your life

<image>



Management Discussion and Analysis

BUSINESS REVIEW

Electric vehicle charging business

We commenced our electric vehicle ("EV") charging business by the acquisition of the entire interest of Cornerstone EV Charging Service Limited ("Cornerstone EV" or "Cornerstone Charging (CHARGING") in August 2020. Cornerstone Charging (CHARGING principally engaged in supplying EV integrated charging solutions, including supply and installation of EV chargers, developing EV charging-enabling infrastructure ("EVCEI"), central management system, hub for e-payment, load management system ("LMS") and license plate recognition system ("LPRS") to EVs industry.

Our EV charging business is supported by our research and development division. The team consist of over 30 experienced mechanical and electrical engineers as well as software development capability is our main engine of innovation and help us maintain our competitive edge in this rapidly changing technology market. Cornerstone Charging C CHARGING has been approved as an authorised EV charger supplier by a reputable Japanese automobile manufacturer. This approval is a recognition of the quality of our EV chargers.

As per Hong Kong Roadmap on Popularization of Electric Vehicles issued by the Environmental Protection Department in March 2021, the government is determined to drive Hong Kong towards the vision of "Zero Carbon Emissions • Clean Air • Smart City". To achieve carbon neutrality before 2050, the government identified key measures including, i) E-private cars, ii) E-commercial vehicles, iii) government fleet, iv) charging network, v) maintenance services, and vi) battery recycling.

For private charging facilities, the government targeted to have at least 150,000 parking spaces in private and commercial buildings equipped with EV charging infrastructure before 2025, to support mainly EV and certain e-light goods vehicles. In particular, the HK\$2 billion EV-charging at Home Subsidy Scheme ("EHSS") aimed at assisting car park of private residential buildings to install EV charging-enabling infrastructure ("EVCEI") covering 60,000 parking spaces opened for application in October 2020. Because of the overwhelming responses, EHSS further increased to HK\$3.5 billion in February 2022. As at end-January 2022, 560 applications were received covering over 115,000 parking spaces, nearly double the original target of about 60,000 parking spaces, and the amount of subsidy involved has already reached the ceiling of the total funding of EHSS. As of December 2021, the government has approved 186 applications under the EHSS.

Under the year review, Cornerstone Charging () CHARGING has secured EV charging projects for a number of residential properties in Hong Kong with affordable monthly subscription fees plan and energy-based charging scheme. In particular, we have entered into multiple exclusive license agreements to undertake EV charging projects in seven residential estates managed by 民坊 People's Place in Hong Kong. The total number of parking spaces covered was approximately 5,800.



CHARGING

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CORNERSTONE CHARGING HAS BEEN CONFIRMED AS THE SUCCESSFUL TENDERER OF VARIOUS PUBLIC PROJECTS In May 2021, Cornerstone Charging CHARGING has entered into a collaboration agreement with Hyundai Hong Kong Company Limited to crosspromote the Cornerstone Charging's EV chargers and Hyundai's EV model — Kona EV.

Cornerstone Charging (CHARGING always strives to innovate total solutions that are environmental friendly. In April 2021, our new EV charger, Chargic, which is made using 30 — 50% recyclable polycarbonate, has won the Green Product/Graphic Design 2021 from Green Good Design award. In December 2021, we entered into an exclusive license agreement with a famous property management company to install our latest EV charger with patented ceiling-mount charging solution, Aloft, to fit the environment of car park spacing. While Cornerstone Charging CHARGING has been focusing on "Destination Charging", allowing users to charge their EVs at home, we have now made "Opportunity Charging" available for those who need to charge up while they are on the go. Our direct current ("DC") charger is a fast-charging EV product that meet customers' needs in the hectic pace of life. By charging for 30 minutes, the EV private car drivers will be able to drive for another 100km. Our 30kW DC chargers have been installed at Shek Yam Shopping Centre at Lei Muk Road. We are going to provide two DC chargers to Admiralty Car Park, which is running by a major car park operator. We have our customers in mind, more convenient plans and locations will continue to be rolled out to meet the needs of the public.





For public charging facilities, the government has allocated HK\$120 million for a three-year programme to gradually increase the number of chargers in government car parks from 1,100 at end-2020 to 1,800 by 2022. The government further targets to have at least 5,000 chargers provided by the government by 2025, and plans to double the number in the future. With the growing EV uptake, it is essential to marketize the EV charging services so as to promote their sustainable development in the long run and avoid abuse of the chargers. Cornerstone Charging CHARGING is supporting the government on the preparation work, hardware and software upgrade, etc. for fee charging, with a view to imposing EV charging fees in the government car parks from around 2025. The marketisation of charging services is also expected to give impetus to the provision of additional public charging facilities by the private sector. For existing public charging facilities, we are ready to support the maintenance services required by the government.

During the year ended 31 December 2021, Cornerstone Charging (CHARGING has continued to support the system development of a government project which is a back-end system of a smart parking system to monitor the operation of 1,800 EV chargers in a number of government carparks. The smart parking system will provide real-time information on parking vacancy, EV charging status, etc. The project also includes the development of major mobile applications which is a platform for EV drivers to locate nearby vacant public chargers and the type of chargers as they are on the road. The target to complete the overall system development of the project is the second quarter of 2022. To promote trials for electric public transport and commercial vehicles, the government earmarked HK\$180 million trial for single-deck e-buses to put into service progressively to test the operational performance. The government has work closely with franchised bus companies to install new charging facilities and explore arrangements for electrifying the bus fleet. During the year ended 31 December 2021, Cornerstone Charging CHARGING has installed two set of DC charging facilities at two designated bus depots for The Kowloon Motor Bus Company (1933) Limited in Hong Kong. Cornerstone Charging CHARGING won a tender of dual-standards DC charging facilities with power up to 200kw which are capable to re-charge the batteries of the battery-electric buses ("eBuses") in November 2021. The DC charging facilities are supported by a central management system to monitor usage and charging. The system allows multiple operating fleet staff to log in to monitor at more than one depot that are located at separate locations, gaining data on users behavior. We keep looking for more opportunities to support franchised bus companies in the development of eBuses depots.

Printing business

Our printing business enters its fourth decade, we must evolve to meet the financial sector's new paradigms and to offer our valuable clients an even broader spectrum of services. To underpin our rapidly growing business, our printing business therefore be repositioned and rebranded, starting the new journey by naming as Elegance Financial Communications Limited. The office will relocate from Sheung Wan Shun Tak Centre to Grand Millennium Plaza in June, a brand new, spacious and innovative office where also on top of Sheung Wan MTR station and our in-house printing production factory located at 7th Floor, Oceanic Industrial Centre, 2 Lee Lok Street, Hong Kong, with a usable area of approximately 32,000 sq. feets, 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.

OUTLOOK

Cornerstone Charging CHARGING has taken a pro-active move since EHSS rollout. Our business development team has conducted series of seminar for private estates management covering all 18 districts in Hong Kong. Our team studied the plan thoroughly and was able to help disseminate the know-how in submitting the applications and all other technical details. As a result, the sales team has received quite a few inquiries. With very positive responses to the EHSS, and the applications has been progressively approved, Cornerstone Charging CHARGING will strive harder to build up the customer relationship with the enquirers and the successful applicants by providing solutions for installation works of EVCEI throughout the application process.

The government unveiled the Clean Air Plan for Hong Kong 2035, setting out the vision of "Healthy Living • Low-carbon Transformation • World Class", and the challenges, goals and strategies to enhance the air quality of Hong Kong to 2035. The 2050 roadmap for EV is one of the six major areas of action formulated by the 2035 plan. The Group will keep innovating and making progress to support the expanding EV charging market resulting from the acceleratingly growing EV automobile market.

Looking ahead, we will continue to innovate ourselves and continue to put effort to expand our business in various aspects. We are seeing most of the renowned automakers promising onslaughts of new electric cars built on dedicated EV platforms, and many current iconic vehicles will go electric soon as well, Cornerstone Charging, therefore, has taken the initiative to cooperate with different brands by providing diversified integrated charging solutions for electric vehicles. In line with the Government's policies, we have actively participated in the Government's Electric Vehicle Charging Project and successfully winning the tender of several charging facility projects of the Hong Kong government departments recently. Entering the Southeast Asian EV charging market is one of our strategic development goals. With our expertise in EV charging solutions, we have successfully expanded our business footprint to Cambodia after the year under review. The first phase of the project will be to install EV chargers in 10 major shopping malls and petrol stations, which will lay the foundation for our development in the emerging electric vehicle market. The Group will continue to enhance its software capabilities and technologies to maintain our competitive advantage, thereby increasing and consolidating our market position, with a view to making the electric vehicle charging business a core profit contribution to the Group.



On 8 November 2021, in view of the expiration of the tenancy agreements of various offices of EV charging business, the Group has entered in a preliminary tenancy agreement for a premises at Office Unit 07-11, 11th Floor, New East Ocean Centre, No. 9 Science Museum Road, Kowloon, Hong Kong. Please refer to the announcement dated 8 November 2021 for more details.

For printing business, the Group strives on developing the financial printing sector. By recruiting talents in the industry, to adopt an advanced project management system, take the paperless measures for example two-monitors instead of print-outs during production. In order to make improvements and balance the disadvantages of paperless in printing industry.

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) others services. Commercial printing services refers to printing services for our customers' needs of commercial paper printing products and the book publisher's needs of textbooks and leisure reading materials (such as novels, essays and articles). 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 ("Listing Rules") or the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules"). Others 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 chargers at public and private carparks.

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

		For the
	For the	nine months
	year ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Commercial printing services	30,857	19,008
Financial printing services	15,837	20,199
Other services	1,535	1,131
Printing business	48,229	40,338
Sales of electric vehicle charging systems	6,450	523
Subscription fee income	353	48
Electric vehicle charging business	6,803	571
Total	55,032	40,909

Our revenue increased by approximately 34.5%, from approximately HK\$40.9 million for the nine months ended 31 December 2020 to approximately HK\$55.0 million for the year ended 31 December 2021. As illustrated in the table above, such increase was mainly due to the increase in revenue from commercial printing services of approximately HK\$11.8 million, resulting from the increase in sales orders.



Printing business Commercial printing services

Revenue from commercial printing services increased by approximately 62.3%, from approximately HK\$19.0 million for the nine months ended 31 December 2020 to approximately HK\$30.9 million for the year ended 31 December 2021. Such increase was mainly attributable to the increase in sales orders from existing customers.

Financial printing services

Revenue from financial printing services decreased by approximately 21.6%, from approximately HK\$20.2 million for the nine months ended 31 December 2020 to approximately HK\$15.8 million for the year ended 31 December 2021.

The decrease in revenue from financial printing services was mainly attributable to the decrease in revenue from printing of financial reporting documents, compliance documents, IPO prospectuses and application forms, resulting from the decrease in the number of corporate transactions of our customers and decrease in the number of engagement of IPO projects.

Other services

Revenue from other services increased by approximately 35.7%, from approximately HK\$1.1 million for the nine months ended 31 December 2020 to approximately HK\$1.5 million for the year ended 31 December 2021, resulting from the increase in income from ad hoc design and artwork services.

Electric vehicle charging business Sales of electric vehicle charging systems

The Group recorded a revenue of approximately HK\$6.4 million for the year ended 31 December 2021 (nine months ended 31 December 2020: approximately HK\$0.5 million) from sales of electric vehicle charging systems.

Subscription fee income

The Group recorded a revenue of approximately HK\$0.4 million for the year ended 31 December 2021 (nine months ended 31 December 2020: approximately HK\$48,000) from subscription fee income for rental of electric vehicle chargers.

Cost of services

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

The cost of services incurred in relation to the printing business increased by approximately 32.3%, from approximately HK\$32.4 million for the nine months ended 31 December 2020 to approximately HK\$42.9 million for the year ended 31 December 2021. Such increase was mainly attributable to the increase in labour cost and paper cost.

The cost of services incurred in relation to the electric vehicle charging business was approximately HK\$5.2 million for the year ended 31 December 2021.

Gross profit and gross profit margin

The following table sets forth a breakdown of the Group's gross profit and gross profit margin for the periods indicated:

	For the year ended 31 December 2021			
	Electric vehicle			
	Printing	charging		
	business	business	Total	
	HK\$'000	HK\$'000	HK\$'000	
Revenue	48,229	6,803	55,032	
Cost of services	(42,888)	(5,181)	(48,069)	
Gross profit	5,341	1,622	6,963	
Gross profit margin	11.1%	23.8%	12.7%	

For the nine months ended 31 December 2020			
Electric vehicle			
Printing	charging		
business	business	Total	
HK\$'000	HK\$'000	HK\$'000	
40,338	571	40,909	
(32,408)	(472)	(32,880)	
7,930	99	8,029	
19.7%	17.3%	19.6%	
	E Printing business <i>HK\$'000</i> 40,338 (32,408) 7,930	Electric vehiclePrintingchargingbusinessbusinessHK\$'000HK\$'00040,338571(32,408)(472)7,93099	

Our gross profit decreased by approximately 13.3%, from approximately HK\$8.0 million for the nine months ended 31 December 2020 to approximately HK\$7.0 million for the year ended 31 December 2021. The decrease in the overall gross profit margin from approximately 19.6% for the nine months ended 31 December 2020 to approximately 12.7% for the year ended 31 December 2021 was primarily because of the increase in labour cost and paper cost.



Other income

Our other income decreased by approximately 46.2%, from approximately HK\$6.7 million for the nine months ended 31 December 2020 to approximately HK\$3.6 million for the year ended 31 December 2021, mainly resulting from the decrease in government grant recognised.

Selling expenses

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

Our selling expenses decreased by approximately 8.6%, from approximately HK\$2.2 million for the nine months ended 31 December 2020 to approximately HK\$2.0 million for the year ended 31 December 2021.

Administrative and other operating expenses

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

Our administrative and other operating expenses increased by approximately 58.8%, from approximately HK\$41.9 million for the nine months ended 31 December 2020 to approximately HK\$66.6 million for the year ended 31 December 2021. Such increase was mainly attributable to the increase in staff costs resulting from the expansion of the electric vehicle charging business during the year ended 31 December 2021.

Research and development expenses

Our research and development expenses mainly included staff costs, office rental and other material costs incurred for our internal projects.

Our research and development expenses increased by approximately 12.6%, from approximately HK\$1.5 million for the nine months ended 31 December 2020 to approximately HK\$1.7 million for the year ended 31 December 2021.

Finance costs

Our finance costs mainly represent interests on bank borrowings, promissory note and lease liabilities.

Our finance costs increased by approximately 7.6%, from approximately HK\$1.1 million for the nine months ended 31 December 2020 to approximately HK\$1.2 million for the year ended 31 December 2021.

Income tax (expense)/credit

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 year ended 31 December 2021 and for the nine months ended 31 December 2020. For the year ended 31 December 2021, the assessable profits of one of the Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) is subject to the two-tiered profits tax rates regime, under which the first HK\$2.0 million of assessable profits will be taxed at 8.25% and assessable profits above HK\$2.0 million will be taxed at 16.5%. The Hong Kong Profits Tax of other Hong Kong incorporated subsidiaries of the Group is calculated at the standard tax rate of 16.5% of the respective estimated assessable profits for the year ended 31 December 2021 (nine months ended 31 December 2020: 16.5%).

For the year ended 31 December 2021 and the nine months ended 31 December 2020, we recorded income tax expense of approximately HK\$1.1 million and income tax credit of approximately HK\$1.6 million respectively.

Loss and total comprehensive expense for the year/period

We recorded a loss and total comprehensive expense of approximately HK\$62.0 million for the year ended 31 December 2021 (nine months ended 31 December 2020: approximately HK\$30.5 million).

The loss-making position of the Group for the year ended 31 December 2021 was mainly attributable to (1) the decrease in gross profit from the printing business; (2) the decrease in other income recognised; and (3) the incurrence of additional administrative and other operating expenses due to the expansion of the electric vehicle charging business.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, bank borrowings, loan from shareholders and lease liabilities of the Group amounted to approximately HK\$83.2 million (31 December 2020: bank borrowings, promissory note and lease liabilities of approximately HK\$36.1 million). As at 31 December 2021, cash and bank balances of the Group amounted to approximately HK\$16.6 million (31 December 2020: approximately HK\$33.2 million). Details on the average interest rate and maturity profile of the Group's total borrowings, including bank borrowings, loan from shareholders, promissory note and lease liabilities, are set out in the notes 23, 35(a), 27 and 24 respectively to the consolidated financial statements.

As at 31 December 2021, the debt to equity ratio of the Group was approximately 108.0% (31 December 2020: approximately 4.6%). Debt to equity ratio is calculated by the net debt (all borrowings, including bank borrowings, loan from shareholders, promissory note and lease liabilities, net of cash and cash equivalents) divided by the total equity as at the year/period end and multiplied by 100%. Current ratio as at 31 December 2021 was approximately 0.8 times (31 December 2020: approximately 1.0 times).

As at 31 December 2021, the gearing ratio of the Group was approximately 135.0% (31 December 2020: approximately 56.9%). The increase in the gearing ratio was due to the increase in loan from shareholders and lease liabilities of the Group. Gearing ratio is calculated based on all borrowings (including bank borrowings, loan from shareholders, promissory note and lease liabilities) divided by the total equity as at the year/period end and multiplied by 100%.



The Group recorded net current liabilities of approximately HK\$11.3 million (31 December 2020: net current assets of approximately HK\$2.0 million). The change from net current assets as at 31 December 2020 to net current liabilities as at 31 December 2021 was primarily due to the decrease in cash and bank balances and the increase in loan from shareholders. During the year ended 31 December 2021, the Group's operations were financed principally by revenue generated from its business operation, available cash and bank balances as well as bank borrowings. As at 31 December 2021, the Group had cash and bank balances of approximately HK\$16.6 million (31 December 2020: approximately HK\$33.2 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.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities (31 December 2020: nil).

CAPITAL COMMITMENTS

As at 31 December 2021, the Group did not have any significant capital commitments contracted but not provided for (31 December 2020: nil).

PLEDGE OF ASSETS

As at 31 December 2021, none of the Group's financial assets was pledged (31 December 2020: nil). The bank borrowings are drawn under banking facilities. The banking facilities are secured and guaranteed by personal guarantee of a director of the Company. For details, please refer to note 23 to the consolidated financial statements.

EXCHANGE RATE EXPOSURE

The Group mainly operates in Hong Kong. The Group had a 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 31 December 2021 and 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.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2021, the Group did not have any significant investments (nine months ended 31 December 2020: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any future plans for material investments and capital assets as at 31 December 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 December 2021.

PLACING OF NEW SHARES UNDER GENERAL MANDATE (THE "1st placing")

On 15 December 2020, the Company entered into a placing agreement (the "1st Placing Agreement") with VBG Capital Limited and Wealth Link Securities Limited (collectively the "Placing Agents"), pursuant to which the Placing Agents have agreed to procure on a best effort basis not less than six placees, who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons and their respective associates, to subscribe for up to 49,625,000 new ordinary shares at the placing price of HK\$0.40 per placing share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the Placing Agreement was HK\$0.48.

Completion of the Placing took place on 4 January 2021 upon which a total of 49,625,000 placing shares, with a total nominal value of HK\$496,250, have been successfully placed by the Placing Agents to not less than six placees at the placing price of HK\$0.40 per placing share pursuant to the terms and conditions of the 1st Placing Agreement. The placing shares were issued and allotted



pursuant to the general mandate granted to the Directors by the shareholders at the Company's annual general meeting held on 21 August 2020. The reason for issuing the placing shares was to provide immediate funding to the Company to (i) invest in research and development activities in EV charging business; (ii) undertake future investment opportunities in the EV charging business sector would, by nature, involve substantial amount of cash to undertake acquisitions of assets/ business and/or in capital expenditures; (iii) sustain commercial and financial printing business operation; and (iv) serve as the working capital and general corporate purposes for the Group.

The gross proceeds and net proceeds from the 1st Placing amounted to approximately HK\$19.9 million and HK\$19.4 million respectively and the net issue price was approximately HK\$0.39 per placing share. The net proceeds were intended to be used for EV charging business development, commercial and financial printing business operation, and working capital and general corporate purposes for the Group.

For details of the 1st Placing, please refer to the announcements of the Company dated 15 December 2020 and 4 January 2021.

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE (THE "1ST SUBSCRIPTION")

On 15 December 2020, the Company and the subscribers entered into a subscription agreement (the "1st Subscription Agreement"), pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 69,625,000 new ordinary shares at the subscription price of HK\$0.40 per subscription share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the 1st Subscription Agreement was HK\$0.48.

Completion of the 1st Subscription took place on 10 March 2021 upon which an aggregate of 69,625,000 subscription shares, with a total nominal value of HK\$696,250, had been issued and allotted to the subscribers at the subscription price of HK\$0.40 per subscription share pursuant to the terms and conditions of the 1st Subscription Agreement. The subscription shares were issued and allotted pursuant to the specific mandate approved by the independent shareholders at the Company's extraordinary general meeting held on 10 February 2021. The reason for issuing the subscription shares was to provide immediate funding to the Company to (i) invest in research and development activities in EV charging business; (ii) undertake future investment opportunities in the EV charging business sector would, by nature, involve substantial amount of cash to undertake acquisitions of assets/business and/or in capital expenditures; (iii) sustain commercial and financial printing business operation; and (iv) serve as the working capital and general corporate purposes for the Group.

The gross proceeds and net proceeds from the 1st Subscription were approximately HK\$27.9 million and HK\$27.8 million respectively and the net issue price was approximately HK\$0.40 per subscription share. The net proceeds were intended to be used for EV charging business development, commercial and financial printing business operation, and working capital and general corporate purposes for the Group.

For details of the 1st Subscription, please refer to the announcements of the Company dated 15 December 2020 and 10 March 2021, and the circular of the Company dated on 22 January 2021.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE (THE "2ND SUBSCRIPTION")

On 29 November 2021, the Company and Hatcher Group Limited ("Hatcher Group") entered into a subscription agreement (the "2nd Subscription Agreement"), pursuant to which Hatcher Group has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 8,000,000 new ordinary shares at the subscription price of HK\$0.62 per subscription share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the 2nd Subscription Agreement was HK\$0.77.

Completion of the 2nd Subscription took place on 6 December 2021 upon which an aggregate of 8,000,000 subscription shares, with a total nominal value of HK\$80,000, had been issued and allotted to Hatcher Group at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the 2nd Subscription Agreement. The subscription shares were issued and allotted pursuant to the general mandate granted to the Directors by the shareholders at the Company's annual general meeting held on 30 June 2021. The reason for issuing the subscription shares was that it provided a good opportunity to strengthen the capital base of the Company.

The gross proceeds and net proceeds from the 2nd Subscription were approximately HK\$5.0 million and HK\$4.9 million respectively and the net issue price was approximately HK\$0.62 per subscription share. The net proceeds were intended to be used for general working capital of the Company.

For details of the 2nd Subscription, please refer to the announcements of the Company dated 29 November 2021 and 6 December 2021.

PLACING OF NEW SHARES IN TRANCHES UNDER SPECIFIC MANDATE (THE " 2^{ND} PLACING")

On 30 September 2021, the Company entered into a placing agreement (the " 2^{nd} Placing Agreement") with VBG Capital Limited ("VBG Capital"), pursuant to which VBG Capital has agreed to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be hall be third parties independent of the Company and its connected persons and their respective associates, to subscribe for up to 72,000,000 placing shares at the placing price of HK\$0.70 per placing share in up to two or more tranches within a certain period subject to the terms and conditions of the 2nd Placing Agreement. The placing shares will be issued and allotted pursuant to the specific mandate to be sought for approval from the shareholders at the Company's extraordinary general meeting to be held on 11 April 2022.

On 9 November 2021, the Company and VBG Capital further entered into a supplemental agreement to the 2nd Placing Agreement, pursuant to which the Company and VBG Capital agreed that the maximum aggregate shares to be issued and allotted under the 2nd Placing shall be increased to 87,000,000 shares.

On 29 November 2021, the Company and VBG Capital entered into a second supplemental agreement to the 2nd Placing Agreement, pursuant to which the Company and VBG Capital agreed that the placing price per placing share be revised downward from HK\$0.70 to HK\$0.62. For details of the 2nd Placing, please refer to the announcements of the Company dated 30 September 2021, 4 October 2021, 9 November 2021, 29 November 2021 and 13 January 2022, and the circular of the Company dated 21 March 2022. As at the date of this annual report, completion of the 2nd Placing in respect of any tranche does not take place.

SETTLEMENT OF LOAN THROUGH SUBSCRIPTION OF NEW SHARES (THE "3RD SUBSCRIPTION")

On 30 December 2021, the Company as debtor entered into a deed of settlement of debts (the "Deed") with the creditors (the "Creditors"), who are substantial shareholders and/or Directors of the Company, pursuant to which the Company has conditionally agreed to issue and allot to the Creditors (or their nominee(s)) an aggregate of 45,316,000 subscription shares at the subscription price of HK\$0.62 per subscription share. The subscription amount payable by the Creditors under the Deed shall be satisfied by capitalizing the entire amount of the shareholders' loan of HK\$28.1 million due to the Creditors from the Company.

The subscription shares will be issued and allotted pursuant to the specific mandate to be sought for approval from the independent shareholders at the Company's extraordinary general meeting to be held on 11 April 2022. As at the date of this annual report, completion of the 3rd Subscription does not take place.

For details of the 3rd Subscription, please refer to the announcement and circular of the Company dated 30 December 2021 and 21 March 2022 respectively.



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.

Apart from the risks stated above, we also face certain financial risks, details of which are stated in note 33 to the consolidated financial statements.

USE OF PROCEEDS

Placing and subscriptions of shares

The aggregate gross proceeds and net proceeds from the 1st Placing, the 1st Subscription and the 2nd Subscription were approximately HK\$52.7 million and HK\$52.1 million respectively. As at 31 December 2021, the net proceeds of HK\$52.1 million were fully utilised as intended, i.e. as to approximately HK\$33.0 million earmarked for EV charging business development, approximately HK\$9.4 million earmarked for commercial and financial printing business operation and approximately HK\$9.7 million earmarked for working capital and general corporate purposes.

Initial public offering

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) were fully utilised, as at 31 December 2021, in accordance with the proposed application as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 April 2018 (the "Prospectus") and in the announcement of the Company dated 31 July 2020 in relation to change in use of proceeds.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Liang Zihao (梁子豪) ("Mr. Liang"), aged 40, obtained his bachelor of business administration, marketing from the University of Regina, Canada in 2007. Mr. Liang has been the chairman of 廣 州市番禺區邦騰化工有限公司 (transliterated in English as Guangzhou Panyu District Bangteng Chemical Industry Limited*), a company that is principally engaged in the production of industrial unsaturated resin, paints and powder coating since 2007. Mr. Liang has also been the chairman of 廣州番禺區宏豪投資有限公司 (transliterated in English as Guangzhou Panyu District Honghao Investment Limited*), a company that is principally engaged in the provision of investment consultancy service and property management since 2018. Mr. Liang is primarily responsible for formulating the investment strategies in the printing business and overseeing fund raising planning and investors relations in China.

Mr. Sam Weng Wa Michael ("Mr. Sam Weng Wa"), aged 30, obtained his bachelor of science in business and management studies from University of Bradford in 2016. Mr. Sam Weng Wa has been the assistant manager of Champion Management Pte Ltd, a company that is principally engaged in hotel management from March 2017 to April 2018. Mr. Sam Weng Wa has also been the assistant director of Chang He Holdings Pte Ltd, a company that is principally engaged in property management in Singapore, where he is mainly responsible for sourcing new investment opportunities and managing properties since April 2018. Mr. Sam Weng Wa is primarily responsible for overseeing fundraising planning and investors relations in Singapore.

Mr. Li Man Keung Edwin (李民強) ("Mr. Li"), aged 54, was appointed as an executive Director of our Company on 24 August 2020 and appointed as the Vice Chairman of the Company on 18 March 2022. 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. Li is primarily responsible for formulating the investment strategies in the electric vehicle business and overseeing fund raising planning and investors relations in Hong Kong.

Mr. Lau Wai Yan Lawson (劉偉恩) ("Mr. Lau"), aged 44, was appointed as an executive Director of our Company on 24 August 2020. 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. Mr. Lau is primarily responsible for the development of intelligence electric vehicle charging service with multiple payment systems in major car parks.



Mr. Pan Wenyuan ("Mr. Pan"), aged 38, obtained his diploma in travel, tourism and hospitality management from Windsor Management College in Singapore in 2020. He has been a director of Hao Yuan Wei Holdings Private Ltd. since 2020, a company incorporated in Singapore, which is principally engaged in the business of investment holding in Singapore. He has been responsible for deal origination, structuring, execution and portfolio management. He was previously a director of YS Development Pte. Ltd., a company incorporated in Singapore, which was principally engaged in real estate investment. His main responsibilities in YS Development Pte. Ltd. were investment advisory, project development and business sourcing. On 2 July 2017, YS Development Pte. Ltd. was struck-off and dissolved due to cessation of business. Mr. Pan is primarily responsible for development of EV charging business in South East Asia.

NON-EXECUTIVE DIRECTOR

Mr. Wu Jianwei(吳健威)("Mr. Wu"), aged 40, obtained a diploma in information technology from the Temasek Polytechnic (Singapore). Mr. Wu has extensive experience in investing and managing companies. He is currently the chief executive officer of Chang Yuan Investments Pte Ltd, Chang He Holdings Pte Ltd and Champion Management Pte Ltd in Singapore. His business encompasses property investment, asset management, business restructuring, hotel management and electric vehicles. He is mainly responsible for overseeing his business's performance and management and directing the formulation of business development strategies. From 2012 to 2015, under his management and leadership, his business has acquired the property investment portfolio aggregately valued over approximately SG\$150.0 million at the respective purchase dates including (i) commercial offices located at Marine Parade and Paya Lebar; (ii) hotels located at Joo Chiat and North Canal; and (iii) retail, food and beverage units at Katong in Singapore. Mr. Wu is primarily responsible for providing overall leadership in the strategic development of the Group and overseeing the management of the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Ka Hei Raymond (譚家熙) ("Mr. Tam"), aged 41, obtained his bachelor of arts degree in Accounting and Finance with Computing from University of Kent, the United Kingdom in July 2002. Mr. Tam has over 12 years of experience in corporate finance. He is currently a director of the corporate finance department at Yu Ming Investment Management Limited, a wholly-owned subsidiary of Da Yu Financial Holdings Limited (which is listed on the Main Board of the Stock Exchange) (Stock code: 1073) and a licensed holder to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Mr. Tam has also been appointed as an independent nonexecutive director of TIL Enviro Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1790) since 4 October 2018 and an independent non-executive director of Grand Power Logistics Group Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8489) since 11 December 2020.

Mr. Yuen Chun Fai(阮駿暉)("Mr. Yuen"), aged 43, obtained his bachelor of science in accounting and finance from The London School of Economics and Political Science in 2002. Mr. Yuen is a fellow of the Association of Chartered Certified Accountants and also a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He has over 16 years' experiences in the field of financial reporting, financial management and audit in Hong Kong, China, Malaysia and Singapore. Mr. Yuen is currently the company secretary and compliance officer of Edvance International Holdings Limited (Stock Code: 1410), a company whose shares are listed on the main board of the Stock Exchange. Mr. Yuen has also been appointed as an independent non-executive director of Hong Kong Education (Int'l) Investments Limited (Stock Code: 1082), a company whose shares are listed on the main board of the Stock Exchange, since February 2022. Mr. Yuen was an executive director, the company secretary and the compliance officer of WLS Holdings Limited (Stock Code: 8021), a company whose shares are listed on the GEM of the Stock Exchange from August 2015 to August 2020.

Ms. Zhu Xiaohui(朱 曉 蕙) ("Ms. Zhu"), aged 27, obtained her bachelor in chemistry and business studies from the University of Warwick in 2016. She worked in a raw material planning and supply chain management role at SABIC Innovative Plastics (China) Co., Ltd from 2017 to 2018. Since 2018, Ms. Zhu works in a product supply management position in Infinitus (China) Company Limited.



SENIOR MANAGEMENT

Mr. Yip Shui Hong (葉 兆 康)("Mr. Vincent Yip"), aged 45, is currently the Chief Executive Officer of our Group. Mr. Vincent Yip is primarily responsible for carrying out executive functions including dayto-day business and operations management of the Group. Mr. Vincent Yip graduated from Keble College of the University of Oxford in 2000 with a Master's degree in Engineering and Computer Science.

Mr. Vincent Yip has over 10 years of top management experience. Prior to joining the Group, Mr. Vincent Yip started working for McKinsey & Company, Inc. an international management consultant firm, as a business analyst in 2000 and was subsequently promoted to associate principal. In 2011, Mr. Vincent Yip co-founded Malvern College International (Asia Pacific), a British-styled boarding school with campuses in Mainland China and Hong Kong, he acted as a management board member and steered the overall direction of the school. He joined the G2000 (Apparel) Limited, a leading apparel retailer based in Hong Kong with over 1,000 point-of-sales in China and 13 countries across Asia, as group CEO in between 2015 and 2018. From 2018 to 2021, Mr. Vincent Yip was appointed as the CEO of K11 Cultural Enterprise Businesses by New World Development Company Limited (stock code: 0017). He was responsible for managing an ecosystem of family and children related businesses under the New World Group including family-focused shopping malls and education platforms.

Mr. Cheung Ting Pong(張霆邦)("Mr. Cheung"), aged 42, is currently the chief financial officer of our Group. Mr. Cheung is primarily responsible for overseeing the Group's accounting operation and financial management. Mr. Cheung has over 15 years of experience in financial operations. He obtained a bachelor's degree in business administration (accountancy) from the City University of Hong Kong and a master's degree in business administration from the University of Manchester in the United Kingdom. He has been a fellow member of the Institute of Chartered Accountants in England and Wales, and a fellow member of Hong Kong Institute of Certified Public Accountants.

Mr. Cheung is currently the independent nonexecutive director of Longhui International Holdings Limited (stock code: 1007) and Hope Life International Holdings Limited (stock code: 1683). Mr. Cheung served as as the joint company secretary and authorized representative of Future Data Group Limited (stock code: 8229) since July 2021 to August 2021 and as the finance and investor relations director, a joint company secretary, and the authorised representative of Dalipal Holdings Limited (stock code: 1921) since September 2021 to December 2021. He also served as the company secretary of Munsun Capital Group Limited (now known as Bay Area Gold Group Limited, stock code: 1194), an executive director and a non-executive director of Sanbase Corporation Limited (stock code: 8501), and an executive director, chief financial officer and company secretary of Modern Dental Group Limited (stock code: 3600).

Mr. Ng Sze Chun(吳思駿)("Mr. Lawrence Ng"), aged 36, is currently the Chief Operating Officer of our Group since 7 January 2022. Mr. Lawrence Ng is primarily responsible for maintaining the effectiveness and efficiency of the Group's overall business activities and implementing of the Group's strategic business plan. Mr. Lawrence Ng has over 10 years of management experience and worked for K11 Cultural Enterprise Businesses Group as Head of New Business and was appointed in managerial roles for C.K. Hutichson (stock code: 0001), CROCS (NASDAQ: CROX), Wang On Group (stock code: 1222) and IATS Group. He is experienced on formulating business strategy and managing overall business operation for businesses across variety of industries and markets.

Mr. Lawrence Ng graduated from The University of Hong Kong with a Bachelor degree in Science, and is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Chartered Institute of Management Accountants.

Mr. Wong Kin Pong(黃建邦)("Mr. Wong"), aged 63, is currently the Senior Operation Director of our printing business. Mr. Wong is primarily responsible for supervising the operations, sales and quality control of printing matters of our Group. Mr. Wong has over 38 years of experience in the printing industry in Hong Kong. He joined Mr. So Wing Keung's printing business, "Elegance Printing Co.", in March 1983, primarily responsible for printing operation. He joined our Group since incorporation, and was engaged for the positions of sales manager and senior operation director. Mr. Wong is also a director of Elegance Printing Company Limited since September 1992, a director of Elegance Finance Printing Services Limited since February 1995, a director of Teamco Translation Limited since April 1998 and director of Elegance Document Solutions Limited since December 2001. Mr. Wong was awarded a Craft Certificate in Graphic Reproduction (Apprentices) by the Vocational Training Council on 31 July 1980.

Mr. Chung Wai Tjong (鍾偉聰) ("Mr. Chung"), aged 51, is currently the Head of International Business and Special Projects of our EV charging business. He is primarily responsible for international market development and the continuous development of EV charging technology. Mr. Chung has over 13 years of experience in EV charging industry. He is a prominent expert in local EV charging industry to offer advanced EV charging products and holistic product solutions to EV industry. Mr. Chung involved and assisted in, including but not limited to lining up Government officials and industrial stakeholders, boosting the business of the entire EV charging industry, building industry leadership and the reputation of a statutory body by proven industrial products. Mr. Chung is experienced and has advised in abundant R&D activities in EV charging system which were requested by the Government and various blue chips utility, transportation, and telecommunication companies in Hong Kong. Mr. Chung joined Mazda Motors Company (Hong Kong) Ltd., a motor service and auto trading company from July 1993 to June 1994, as a Service Advisor. Mr. Chung then joined Yiu Lian Engineering & Heavy Industry Ltd., a structural steelwork contractor in Hong Kong, from May 1994 to February 1997, as a Senior Project Engineer. Subsequently in September 1998, Mr. Chung joined SGS (HK) Ltd., an international testing and certification body, as a Senior Certification Officer. He then served as the Senior Consultant of Hong Kong Productivity Council from March 2007 to July 2017. Mr. Chung obtained his Master's degree of Engineering Business Management in September 1998 from University of Warwick (UK).



Mr. Kwan Chun Sing (關進昇) ("Mr. Tommy Kwan"), aged 36, is currently the Head of Sales and Business Development of EV charging business since 1 December 2021. Mr. Tommy Kwan has over 10 years of strong sales management experience and worked for HKBN Enterprise Solutions Limited (stock code: 1310) as Co-Owner and Associate Director - Major Accounts and Strategic Projects. Mr. Tommy Kwan was appointed in managerial roles for HKBN Limited and Hong Kong Technology Venture Co. Ltd. (stock code: 1137), formerly known as CTI Group. He is experienced on formulating sales strategy and co-creating business value with enterprise customers and business partners. Mr. Tommy Kwan graduated from City University of Hong Kong with a bachelor's degree in business administration and marketing.

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson (朱沛祺) ("Mr. Chu"), aged 37, obtained a bachelor's degree of business administration in accounting from the Hong Kong Baptist University in Hong Kong in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011. Mr. Chu has over 10 years of relevant experience in accounting and auditing and has experience in tax, internal control matters and holding the positions of company secretary and authorised representative in other companies listed on the Stock Exchange. Mr. Chu is also serving as the company secretary of Tungtex (Holdings) Company Limited (stock code: 0518), SG Group Holdings Limited (stock code: 01657), Golden Ponder Holdings Limited (stock code: 1783), K Group Holdings Limited (stock code: 08475) and Top Standard Corporation (stock code: 08510).





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Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The corporate governance practices of Cornerstone Technologies Holdings Limited (the "Company") and its subsidiaries (collectively referred to as 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 Rules (the "GEM Listing Rules") Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 cochairman 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 would enable the Board to function more effectively when Mr. Wu is not available to attend the Board meeting in person and Mr. Wu will perform the other functions and responsibilities of the chairman under the Code. The Board believed that the balance of power and authority was adequately ensured by its operations and governance which comprises experienced and high calibre individuals.

Following the appointment, Mr. Liang, who was 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 while Mr. Wu was responsible for providing the overall strategic development of the business of the Group. Mr. Wu continued to be the responsible person providing overall leadership in the strategic development of the business of the Group. Mr. Business of the Group and overseeing the management of the Board and remained fully committed to the Group.

On 1 November 2021, Mr. Yip Shiu Hong was appointed as the chief executive officer of the Company and Mr. Liang Zihao resigned from the position of chief executive officer of the Company and remained as the executive Director of the Company and the Co-chairman of the Board. Following the change of chief executive officer, the Company has been in compliance with Code Provision A.2.1.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

In accordance with article 108 of the articles of association (the "Articles") of the Company, at each annual general meeting (the "AGM") one-third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.



In accordance with article 112 of the Articles, any Director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Pursuant to the Articles, Mr. Liang Zihao, Mr. Wu Jianwei and Mr. Tam Ka Hei Raymond will retire from office as Directors at the forthcoming AGM, and being eligible, will offer themselves for re-election.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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 from 1 January 2021 and up to the date of this annual report.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2021 and up to the date of this annual report are as follows:

Board of Directors

Executive Directors

Mr. Liang Zihao *(Co-Chairman)* Mr. Li Man Keung Edwin *(Vice Chairman)* (appointed as Vice Chairman on 18 March 2022) Mr. Sam Weng Wa Michael Mr. Lau Wai Yan Lawson Mr. Pan Wenyuan (appointed on 22 March 2021)

Non-Executive Director

Mr. Wu Jianwei (Co-Chairman)

Independent Non-Executive Directors

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

The brief biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 24 to 29 of this annual report.

The Company had complied with the requirements under Rule 5.05(1) and (2), and 5.05A of the GEM Listing Rules during the year ended 31 December 2021 and up to the date of this annual report. The Company considers all independent non-executive Directors meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.

FUNCTIONS OF THE BOARD

The Board supervises the management of the business and affairs of the Company. The Board's primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the shareholders as a whole while taking into account the interests of other stakeholders. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board approves the Group's strategic plan, key operational initiatives, major investments and funding decisions. It also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems to manage these risks. Daily business operations and administrative functions of the Group are delegated to the management.

The Board is also delegated with the corporate governance functions under code provision D.3.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.



BOARD MEETINGS AND PROCEDURES

Board members will be provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision A.1.3 of the Code, at least 14 days' notice will be given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and are required to abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments before the final version are endorsed in the subsequent Board meeting.

During the year ended 31 December 2021, details of the attendance of the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings, and general meeting of the Company held are summarised as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
Executive Directors					
Mr. Liang Zihao	11/11	N/A	1/1	1/1	2/2
Mr. Sam Weng Wa Michael	11/11	N/A	N/A	N/A	2/2
Mr. Li Man Keung Edwin	11/11	N/A	N/A	N/A	2/2
Mr. Lau Wai Yan Lawson	11/11	N/A	N/A	N/A	2/2
Mr. Pan Wenyuan					
(appointed on 22 March 2021)	9/9	N/A	N/A	N/A	2/2
Non-executive Director					
Mr. Wu Jianwei	11/11	N/A	N/A	N/A	2/2
Independent Non-executive					
Directors					
Mr. Tam Ka Hei Raymond	11/11	5/5	1/1	1/1	2/2
Mr. Yuen Chun Fai	11/11	5/5	N/A	1/1	2/2
Ms. Zhu Xiaohui	11/11	5/5	1/1	1/1	2/2

BOARD COMMITTEES

The Board has established three specific committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee specific aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

The written terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the websites of the Stock Exchange and the Company.

AUDIT COMMITTEE

The Company established the Audit Committee on 19 April 2018 with written terms of reference in compliance with the code provisions of the Code. The primary duties of the Audit Committee are, among others, (i) to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management systems; (ii) to oversee the audit process; (iii) to make recommendations to the Board on the appointment and removal of external auditors; (iv) to monitor any continuing connected transaction; (v) to ensure the compliance with relevant laws and regulations and performance of the corporate governance functions delegated by the Board; and (vi) to perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently consists of three members, namely Mr. Yuen Chun Fai (Chairman), Mr. Tam Ka Hei Raymond and Ms. Zhu Xiaohui, all being independent non-executive Directors. The Group's final results for the year ended 31 December 2021 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee is of the view that the annual results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

The Audit Committee held five (5) meetings for the period from 1 January 2021 to the date of this annual report. Details of the attendance of the Audit Committee meetings are set out above.

At the meetings, the Audit Committee had reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021, the first quarterly results of the Group for the three months ended 31 March 2021, the interim results of the Group for the six months ended 30 June 2021, the third quarterly results of the Group for the nine months ended 30 September 2021 and the annual results of the Group for the year ended 31 March 2020 respectively, with a recommendation to the Board for approval. The Audit Committee also had a meeting with the auditor discussing on the planning of the annual audit. In addition, the Audit Committee had reviewed the Group's financing and accounting policies, the continuing connected transactions and the risk management and internal control systems of the Group and made recommendations to the Board accordingly.



REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 19 April 2018 with written terms of reference in compliance with the code provisions of the Code. The primary duties of the Remuneration Committee are, among others, (i) to make recommendations to our Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) to determine the terms of the specific remuneration package of all Directors and senior management; and (iii) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee currently consists of three members, namely, Ms. Zhu Xiaohui (Chairman) and Mr. Tam Ka Hei Raymond, both of whom being independent non-executive Directors, and Mr. Liang Zihao, an executive Director. The majority of the members of the Remuneration Committee are independent non-executive Directors. The remuneration of the Directors is determined with reference to, among other things, their duties, responsibilities and performance. The Remuneration Committee makes recommendations to the Board on remuneration packages of individual Directors and the members of senior management.

The Remuneration Committee held one (1) meeting for the period from 1 January 2021 to the date of this annual report. Details of the attendance of the Remuneration Committee meeting are set out above.

At the meeting, the Remuneration Committee reviewed the remuneration packages and performance of the Directors and the senior management and remuneration policy of the Directors and made recommendations to the Board accordingly.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 19 April 2018 with written terms of reference in compliance with the code provisions of the Code. The primary duties of the Nomination Committee are, among others, to review the structure, size and composition of the Board of Directors, to assess the independence of independent non-executive Directors and to make recommendations to the Board on matters relating to the appointment of Directors.

When making recommendations regarding the appointment of any proposed candidate to the Board or reappointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- Reputation for integrity;
- Accomplishment and experience in the commercial printing, financial printing industry and EV charging industry;

- Commitment in respect of available time and relevant interest; and
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee may consider other factors so to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

The Nomination Committee currently consists of four members, namely, Mr. Tam Ka Hei Raymond (Chairman), Mr. Yuen Chun Fai and Ms. Zhu Xiaohui, all of whom being independent non-executive Directors and Mr. Liang Zihao, an executive Director. The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee held one (1) meeting for the period from 1 January 2021 to the date of this annual report. Details of the attendance of the Nomination Committee meeting are set out above.

At the meeting, the Nomination Committee reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors, formulated the board diversity policy and made recommendations to the Board accordingly.

DIVERSITY OF THE BOARD

The Group has adopted a policy in relation to the diversity of the members of the Board and the summary of the policy is as follows:

- selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and
- (2) the Nomination Committee will monitor the implementation of the Board diversity policy from time to time to ensure the effectiveness of the Board diversity policy.

INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors have been appointed for a fixed term. Pursuant to the letters of appointment between the Company and the independent non-executive Directors, the independent non-executive Directors have been appointed for a term of three years commencing from the date of appointment which may be terminated by either party by giving three months' written notice. Every Director is subject to re-election on retirement by rotation in accordance with the Articles. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers the independent non-executive Directors to be independent as at the date of the annual report.



DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director will receive a formal, comprehensive and tailor-made induction training on the first occasion of his appointment to ensure that he has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under the statutes and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. During the year ended 31 December 2021, the Directors had received induction training conducted by the Company's Hong Kong legal advisers in respect of their duties and responsibilities as a director of a listed company.

The Company will from time to time provide briefings to all Directors to refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses provided by legal advisers and/or any appropriated institutions at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors (including Directors' induction training) for the year ended 31 December 2021 and up to the date of this annual report are summarised as follows:

Name of Directors

Type of trainings

Mr. Liang Zihao	А, В
Mr. Li Man Keung Edwin	А, В
Mr. Sam Weng Wa Michael	А, В
Mr. Lau Wai Yan Lawson	А, В
Mr. Pan Wenyuan	А, В
Mr. Wu Jianwei	А, В
Mr. Tam Ka Hei Raymond	А, В
Mr. Yuen Chun Fai	А, В
Ms. Zhu Xiaohui	А, В

A: attending seminars/conferences/forums/training sessions

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and Directors' duties and responsibilities

COMPANY SECRETARY

Mr. Chu was appointed as the company secretary of the Company in 2019. His biographical details are set out in the section headed "Biographies of Directors and Senior Management". During the year ended 31 December 2021, Mr. Chu attended relevant professional training for not less than 15 hours in compliance with Rule 5.15 of the GEM Listing Rules.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 10 and 11 to the consolidated financial statements.

The remunerations of the Directors and senior management of the Group for the year ended 31 December 2021 fall within the following band:

	Number of
	directors and
Remuneration band	senior management
Nil to HK\$1,000,000	12
HK\$1,000,001 to HK\$1,500,000	3
HK\$2,000,001 to HK\$2,500,000	1

EMOLUMENT POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and variable components (which include discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the performance of the Group and general market conditions.

The Remuneration Committee will meet at least once every year to discuss remuneration-related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

DIRECTORS' REMUNERATION

The Directors' remuneration is determined by the Company's Remuneration Committee with reference to Directors' duties, responsibilities and performance and the results of the Group. Particulars of the duties and responsibilities of the Remuneration Committee are set out in "Remuneration Committee" of this Corporate Governance Report.



DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements of the Group for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditors of the Company about its responsibilities for the financial statements is set out in the independent auditors' report contained in this annual report. The Directors adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

EXTERNAL AUDITORS' REMUNERATION

The Company engaged D & PARTNERS CPA LIMITED as its auditor for the year ended 31 December 2021. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the auditors. During the year ended 31 December 2021, the fees paid/payable to D & PARTNERS CPA LIMITED in respect of its audit services provided to the Group for the year ended 31 December 2021 amounted to HK\$0.8 million.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains effective internal control and risk management systems. It consists, in part, of organizational arrangements with defined scopes of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's assets at all times.

The Company recognises that good internal control and risk management are essential for the longterm and sustainable growth of a business. The Group has established a governance structure and the major responsibilities of each role of the structure. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, and management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness and adequacy of these systems for the year ended 31 December 2021.

The Directors acknowledge that they have the overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;
- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented and communicated to the Board and the management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate risks that would affect the achievement of business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company on the Company's risk management and internal control systems in respect of the year ended 31 December 2021 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 December 2021 as required under code provision C.2.5 of the Code. The Board and the Audit Committee have considered the internal control review report prepared by the independent consultancy company and communicated with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems.

The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review and determine at least annually the need for an internal audit function.



Regarding procedures and internal controls for the handling and dissemination of inside information, certain measures have been taken from time to time to ensure that proper safeguards exist to prevent any breach of disclosure requirement in relation to the Group, which include the following:

- The access of information is restricted to a limited number of employees on a need-to-know basis.
 Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- All employees are required to strictly adhere to the employment terms regarding the management of confidential information.
- Code names are assigned to confidential projects so that any reference to them would not be linked to the projects themselves to minimize possibilities of unintentional leakage.

In addition, all employees are required to strictly adhere to the rules and regulations regarding the management of inside information, including that all employees who, because of his/her office or employment, are likely to be in possession of inside information in relation to the Company, are required to comply with the Standard of Dealings.

THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 64 of the Articles, extraordinary general meetings shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has adopted shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

 Corporate communications such as annual reports, interim reports, quarterly reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.cstl.com.hk;

- (ii) Periodic announcements are published on the websites of the Stock Exchange and the Company;
- (iii) Corporate information is made available on the Company's website; and
- (iv) Annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management.

The Company is dedicated to promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Cornerstone Technologies Holdings Limited

Address: Rm 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
Tel: (852) 2283 2222
Fax: (852) 2283 2283
E-mail: info@hkepg.com

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant committees of the Board, where appropriate, to answer the shareholders' questions.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to article 113 of the Articles, no person (other than a retiring Director) shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the office of the branch share registrar and transfer office of the Company in Hong Kong no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for shareholders to propose a person for election as a Director is posted on the website of the Company.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the constitutional documents of the Company during the year ended 31 December 2021 and up to the date of this annual report.



Report of the Directors

The board (the "Board") of directors (the "Directors") of Cornerstone Technologies Holdings Limited (the "Company") presents herewith this report of the Directors together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group are printing services providers which principally engage in the provisions of printing, typesetting and translation services in Hong Kong. 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.

The principal activities of its major subsidiaries are set out in note 36 to the consolidated financial statements.

BUSINESS REVIEW AND FUTURE BUSINESS DEVELOPMENT

The business review and future business development of the Group for the year ended 31 December 2021 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Risks and uncertainties

The principal risks and uncertainties facing our Group have been addressed in the section headed "Management Discussion and Analysis" of this annual report. In addition, various financial risks have been disclosed in note 33 to the consolidated financial statements.

Environmental protection

The Group recognises its responsibility to protect the environment from its business activities. The Group has endeavored to comply with the laws and regulations regarding environmental protection and encourages environmental protection and promotes awareness towards environmental protections among our staff and employees.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of noncompliance with such requirements. The Group has reviewed on an ongoing basis the newly enacted laws and regulations affecting the operations of the Group. Save as disclosed in the Prospectus, the Group is not aware of any material non-compliance with the laws and regulations that has a significant impact on the business of the Group during the year ended 31 December 2021. All of the non-compliance incidents as disclosed in the Prospectus that are capable of being rectified had been rectified.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains a good relationship with its customers. The sales personnel make regular phone calls to the customers and visit them periodically. If there is any complaint from customers, it will be reported to the management and immediate remedial action will be taken.

The Group also maintains a good relationship with its suppliers. During the year ended 31 December 2021, no complaint was received from the suppliers, there were no disputed debts or unsettled debts and all the debts were settled on or before due dates or a later date as mutually agreed.

During the year ended 31 December 2021, there were no disputes on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under individual employees' employment contracts. The Group also ensures that all employees are reasonably remunerated by regular review of the policies on salary increment, promotion, bonus, allowances and all other related benefits.

In view of the above and as at the date of this annual report, there are no circumstances or any events which would have a significant impact on the Group's business.

EMPLOYEES

The Group had 185 employees (including the Directors) as at 31 December 2021 (31 December 2020: 149 employees) in Hong Kong. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance based bonus. The Group enters into standard employment contracts with its staff which contain provisions on intellectual property rights and confidentiality.

The Group also reviews the performance of its staff periodically and considers such review for staff's annual bonus, salary review and promotion appraisal. The Company has also adopted a share option scheme, details of which are set out in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to the Prospectus.

The Group provides different trainings to each department from time to time to enhance their industry, technical and product knowledge, as well as their familiarity with industry quality standards and work safety standards.

The remuneration committee of the Company (the "Remuneration Committee") reviews the terms of remuneration packages, bonuses and other compensation payable to the Directors and the senior management personnel of the Group from time to time. The remunerations of the Directors, senior management and employees of the Group are generally determined with reference to their duties, responsibilities and performance.



RESULTS AND APPROPRIATIONS

The financial results of the Group for the year ended 31 December 2021 and the financial positions of the Company and the Group as at 31 December 2021 are set forth in the audited consolidated financial statements on page 67 to 162 of this annual report.

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles of Association of the Company [the "Articles"] and the distribution shall achieve continuity, stability and sustainability.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the group in their long-term development, the financial conditions and business plan of the group, and the market sentiment and circumstances.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 and the nine months ended 31 December 2020.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 163 and 164 of this annual report. This summary does not form part of the audited consolidated financial statements in this annual report.

RESERVES

Movements in the reserves of the Group during the year ended 31 December 2021 and the nine months ended 31 December 2020 are set out in the consolidated statement of changes in equity on page 70 of this annual report.

DISTRIBUTABLE RESERVES

Details of movements during the year ended 31 December 2021 and the nine months ended 31 December 2020 in the reserves and reserves available for distribution to the Company's shareholders of the Group and the Company are set out on page 70 of this annual report and in note 38 to the consolidated financial statements. The Company did not have any distributable reserves as at 31 December 2021.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 December 2021 and the nine months ended 31 December 2020 are set out in note 14 to the consolidated financial statements in this annual report.

DONATIONS

During the year ended 31 December 2021, the Group did not make any charitable donations (the nine months ended 31 December 2020: Nil).

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 December 2021 and the nine months ended 31 December 2020 are set out in note 28 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors who held office during the year ended 31 December 2021 and up to the date of this annual report are as follows:

Executive Directors

Mr. Liang Zihao *(Co-Chairman)* Mr. Li Man Keung Edwin *(Vice Chairman)* (appointed as Vice Chairman on 18 March 2022) Mr. Sam Weng Wa Michael Mr. Lau Wai Yan Lawson Mr. Pan Wenyuan (appointed on 22 March 2021)

Non-Executive Director

Mr. Wu Jianwei (Co-Chairman)

Independent Non-Executive Directors

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



In accordance with the Articles, all the Directors, namely Mr. Liang Zihao, Mr. Wu Jianwei and Mr. Tam Ka Hei Raymond will retire at the forthcoming annual general meeting, and all being eligible, will offer themselves for re-election as the Directors at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and in the Articles.

Pursuant to the letters of appointment between the Company and the independent non-executive Directors, the independent non-executive Directors have been appointed for a term of three years, which may be terminated by either party by giving three months' written notice.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 24 to 29 of this annual report.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors during the year ended 31 December 2021 are set out in note 10 to the consolidated financial statements in this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year 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.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Apart from the contracts and agreements relating to the Reorganisation and save as disclosed in this annual report, there was no transaction, arrangement or contract of significance to which the Company or any related companies (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at 31 December 2021 or at any time during the year ended 31 December 2021.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme" in this annual report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company subsisting during or at the end of the year ended 31 December 2021.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 45.3% and sales to the Group's largest customer amounted to approximately 23.7% of the total revenue for the year ended 31 December 2021, respectively. Purchases from the Group's five largest suppliers accounted for approximately 22.5% and purchases from the Group's largest supplier amounted to approximately 7.1% of the total purchases for the year ended 31 December 2021.

To the best knowledge of the Directors, neither the Directors, their close associates (as defined in the GEM Listing Rules), nor any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued Shares), had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended 31 December 2021.

CONNECTED AND RELATED PARTY TRANSACTION

On 10 March 2021, a subscription of new shares was completed. An aggregate of 69,625,000 subscription shares have been issued and allotted to the subscribers at the subscription price of HK\$0.40 per subscription share. Since the subscribers are associates of Mr. Wu Jianwei (non-executive Director and the Co-chairman), relatives of Mr. Liang Zihao (executive Director and the Co-chairman), and Mr. Lau Wai Yan Lawson (executive Director), the subscribers are therefore the connected persons of the Company.



On 30 December 2021, the Company as debtor entered into the deed of settlement of debt with the creditors, pursuant to which the Company has conditionally agreed to issue and allot to the creditors (or their nominee(s)) an aggregate of 45,316,000 subscription shares at the subscription price of HK\$0.62 per subscription share. The subscription amount payable by the creditors under the deed of settlement of debt shall be satisfied by capitalizing the entire amount of the shareholders' loan due to the creditors from the Company. Since the creditors are either substantial shareholders or Directors of the Company, and are therefore connected persons of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription will constitute a connected transaction for the Company and is subject to the announcement, reporting and independent shareholder's approval requirements under Chapter 20 of the GEM Listing Rules. An extraordinary general meeting will be convened and held on 11 April 2022 for the purpose of considering and, if thought fit, approving (i) the Deed and the transactions contemplated thereunder; and (ii) the grant of the specific mandate to allot and issue the subscription shares.

Save as disclosed above, there was no connected transaction of the Company under Chapter 20 of the GEM Listing Rules, which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements. Details of the related party transactions of the Group during the year ended 31 December 2021 are set out in note 35 to the consolidated financial statements of this annual report. None of these related party transactions are connected transactions which are subject to reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

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

During the year ended 31 December 2021, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2021.

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

As at 31 December 2021, the interests and short positions of the Directors and chief executive 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 Rules 5.46 to 5.67 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	Percentage of issued share capital
Mr. Wu Jianwei ("Mr. Wu")	Interest of controlled corporation Beneficial owner	235,603,225 4,400,000 <i>(Note 6)</i>	38.76% 0.72%
Mr. Liang Zihao ("Mr. Liang")	Interest of controlled corporation Beneficial owner	235,603,225 4,400,000 <i>(Note 6)</i>	38.76% 0.72%
Mr. Lau Wai Yan Lawson ("Mr. Lau")	Beneficial owner/Interest of controlled corporation	30,302,703	4.99%
(,	Beneficial owner	4,400,000 <i>(Note 6)</i>	0.72%
Mr. Pan Wenyuan ("Mr. Pan")	Interest of controlled corporation	23,872,000	3.93%
Mr. Li Man Keung Edwin ("Mr. Li")	Beneficial owner/Interest of controlled corporation	19,112,613	3.14%
())	Beneficial owner	4,400,000 <i>(Note 6)</i>	0.72%
Mr. Sam Weng Wa Michael	Beneficial owner	440,000 <i>(Note 6)</i>	0.07%
Mr. Tam Ka Hei Raymond	Beneficial owner	440,000 <i>(Note 6)</i>	0.07%
Mr. Yuen Chun Fai	Beneficial owner	440,000 <i>(Note 6)</i>	0.07%
Ms. Zhu Xiaohui	Beneficial owner	440,000 <i>(Note 6)</i>	0.07%

Notes:

- 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.
- 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.
- 4. Mr. Pan owns 100% of the issued share capital of Silver Rocket Limited ("Silver Rocket"). Mr. Pan is deemed to be interested in the Shares in which Silver Rocket is interested under SFO.
- Mr. Li owns 100% of the issued share capital of Tanner Enterprises Group Limited ("Tanner Enterprises").
 Mr. Li is deemed to be interested in the Shares in which Tanner Enterprises is interested under the SFO.
- 6. These shares were the shares which would be allotted and issued upon exercise in full of the share options granted to such Director under the share option scheme of the Company.



(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. Pan Wenyuan	Silver Rocket	Beneficial owner	1	100%
Mr. Lau Wai Yan Lawson	Cornerstone Wealth	Beneficial owner	1	100%
Mr. Li Man Keung Edwin	Tanner Enterprises	Beneficial owner	1	100%

Notes:

- 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.
- 4. Silver Rocket is legally and beneficially owned as to 100% by Mr. Pan. Therefore by virtue of the SFO, Mr. Pan is deemed to have the interest owned by Silver Rocket.
- 5. Tanner Enterprises is legally and beneficially owned as to 100% by Mr. Li. Therefore by virtue of the SFO, Mr. Li is deemed to have the interest owned by Tanner Enterprises.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executive of the Company had any interest or short position in 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 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 Rules 5.46 to 5.67 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 31 December 2021, the interests and short positions of the substantial shareholders of the Company (other than the Directors and the 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	Percentage of issued share capital
Global Fortune	Long position	Beneficial owner <i>(Note 1)</i>	235,603,225 Shares	38.76%
Glorytwin Limited ("Glorytwin")	Long position	Beneficial owner <i>(Note 2)</i>	81,000,000 Shares	13.33%
Colorful Bay Limited ("Colorful Bay")	Long position	Deemed interest, interest in controlled corporation <i>(Note 2)</i>	81,000,000 Shares	13.33%

Notes:

- (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 100% 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. Therefore by virtue of the SFO, Mr. So is deemed to have the interest owned by Colorful Bay.

Save as disclosed above, as at 31 December 2021, 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.



SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "Share Option Scheme") on 19 April 2018. The following is a summary of the principal terms and conditions of the Share Option Scheme.

1. Purpose of the Share Option Scheme

The purpose of our Share Option Scheme is to recognise and acknowledge the contributions made by participants (the "Participants"), to attract skilled and experienced personnel, to incentivise them to remain with our Company and to motivate them to strive for the future development and expansion of our Company and its subsidiaries, by providing them with the opportunity to acquire equity interests in our Company.

2. Who may join

Subject to the restrictions under the GEM Listing Rules, the Board may from time to time grant options to any individual who is an employee of our Group (including Directors) or any entity in which our Company holds any equity interest and such other persons who has or will contribute to our Company as approved by the Board from time to time on the basis of their contribution to the development and growth of our Group.

3. Grant and Acceptance of Option

An offer shall remain open for acceptance by the Participants concerned from the date of grant provided that no such offer shall be open for acceptance after the expiry of the option period or after the Share Option Scheme is terminated or after the Participant has ceased to be a Participant.

The offer shall specify the terms on which the option is granted. At the discretion of the Board, such terms may include, among other things, the minimum period for which an option must be held before it can be exercised.

A consideration of HK\$1.00 is payable to the Company by the Participant who accepts an offer (the "Grantee") for each acceptance of grant of option(s) and such consideration is not refundable.

4. Subscription price of Shares

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.
- 5. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Listing Date, i.e. 44,000,000 Shares (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the shareholders in a general meeting) exceed 1% of the shares in issue for the time being (the "Individual Limit").

6. Time of exercise of options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

7. Period of Share Option Scheme

The Share Option Scheme was adopted for a period of ten years commencing from 11 May 2018.



On 28 January 2021, a total of 28,428,000 share options were granted by the Company to eligible participants of the Group under the Share Option Scheme. For more details, please refer to the announcement dated 28 January 2021.

An ordinary resolution will be proposed at the extraordinary general meeting to be held on 11 April 2022 to approve the refreshment of the scheme mandate limit such that the total number of Shares which may be issued upon exercise of all options to be granted under the refreshed Scheme Mandate Limit must not exceed 10% of the total number of the Shares in issue as at the date of approval of the refreshed scheme mandate Limit. Details could be referred to the announcement and circular of the Company dated 21 March 2022. Further particulars of the Share Option Scheme are set out in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to the Prospectus.

INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2021, 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.

DIRECTORS' EMOLUMENT POLICY

The Remuneration Committee has been established for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group having regard to the Group's operating results, individual performance and comparable market standard and practices annually. The Company has adopted a Share Option Scheme as an incentive to the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" of this annual report.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 32 to 44 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and the best knowledge of the Directors, the Company had sufficient public float as required under Rule 11.23(7) of the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done concurred in or omitted in or about the execution of their duty or supposed duty in their offices, except such (if any) as they shall incur of sustain through their own fraud or dishonesty. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

AUDITOR

D & Partners CPA Limited was appointed as the auditor of the Company by the Board on 30 March 2020 to fill the causal vacancy following the resignation of Mazars CPA Limited. Save for the above, there was no other change in the auditor of the Company in the preceding 3 years.

D & PARTNERS CPA LIMITED will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint D & PARTNERS CPA Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting.



EVENTS AFTER THE REPORTING PERIOD

An extraordinary general meeting of the Company (the "EGM") will be held on 11 April 2022 by way of electronic means to approve, among other things, the 2nd Placing, the 3rd Subscription and the transactions contemplated thereunder.

For details of the EGM, please refer to the circular of the Company dated 21 March 2022.

On 30 March 2022, the Group entered into a Green Loan Facility Agreement with Captain Source Limited (the "Lender"), an independent company managed and controlled by Gaw Capital Partners and a green loan advisor, for a term loan facility with a limit of HK\$150,000,000 (the "Loan Facility"). The loans under the Loan Facility will be secured, interest-bearing at 10% per annum and repayable in the eighteenth month from the date of drawdown. Subject to the terms and conditions of the Green Loan Facility Agreement, 1% of nonrefundable arrangement fee on the Loan Facility will be payable to the lender. As at the date of this report, no facility had been drawn down by the Group.

Gaw Capital Partners is a private equity fund management company focusing on real estate and private equity markets in Asia Pacific and other high barrier-to-entry markets globally. Gaw Capital Partners' investments span the entire spectrum of real estate sectors, including carparks, residential development, offices, retail malls, hospitality, logistics warehouses and Internet data centre projects.

In consideration of the granting of the Green Loan Facility by the Lender, the Company entered into the subscription agreements with two of the Lender's group companies, namely Steady Flake Limited ("SFL") and Seed Lock Limited ("SLL"), pursuant to which:

- SFL has conditionally agreed to subscribe 153,000,000 warrants conferring the rights to subscribe for an aggregate of 153,000,000 warrant shares at the initial warrant subscription price of HK\$0.5 per warrant share; and
- (b) SLL has conditionally agreed to subscribe 27,000,000 warrants conferring the rights to subscribe for an aggregate of 27,000,000 warrant shares at the initial warrant subscription price of HK\$0.5 per warrant share.

The initial warrant subscription price above was determined after arm's length negotiations between the Company and the subscribers with reference to the prevailing market price of the shares, current market sentiment, the Group's financial position, the historical share price, liquidity of the shares in the market and the market conditions. The Directors consider that the initial warrant subscription price is fair and reasonable and is in the interests of the Company and the shareholders as a whole.

On behalf of the Board

Liang Zihao Co-Chairman

Hong Kong, 31 March 2022

Independent Auditor's Report



To the Shareholders of Cornerstone Technologies Holdings Limited (incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Cornerstone Technologies Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 67 to 162, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Key audit matter

Impairment assessment of goodwill and other intangible assets

Refer to note 17 to the consolidated financial statements.

We identified the valuation of goodwill and other intangible assets as a key audit matter due to the complexity and significant judgments involved in the management's impairment assessment process.

As detailed in the note 17 to the consolidated financial statements, in determining the amount of impairment for goodwill and other intangible assets requires an estimation of the recoverable amount, which is the value in use of the cashgenerating units ("CGU") to which goodwill and other intangible assets has been allocated and the Group engaged an independent external valuer to perform such valuation. The value in use is based on cash flow forecast of the CGU of the asset management business and take into account the key assumptions used by management which including discount rate adopted for cashflow forecast and growth rate of revenue.

Based on the managements' assessment, no impairment losses of goodwill and other intangible assets were recognised in profit or loss respectively, during the year ended 31 December 2021 (for the nine months ended 31 December 2020: Nil). How our audit addressed the key audit matter

Our procedures in relation to impairment assessment of goodwill and other intangible assets included:

- Understood how the management perform impairment assessment including the preparation of cash flow forecast and assumptions estimation;
- Evaluated the independent external valuer's qualification, capabilities and objectivity;
- Evaluated the appropriateness of the value in use valuation model and checked its mathematical accuracy;
- Evaluated the appropriateness of the key assumptions used in the cash flow forecast, including discount rate, growth rate of revenue by discussing with the management with reference to their expectations for market development and compared with the most recent financial performance available;
- Performed sensitivity analysis on key assumptions and assessed the potential impact on the value in use; and
- Evaluated the historical accuracy of the cash flow forecast and actual performance for the year and future prospect from the CGU.

Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment assessment of goodwill and other intangible assets to be supported by the available evidence.

KEY AUDIT MATTERS (Continued)

Key audit matter

Impairment of property, plant and equipment and right-of-use assets

Refer to notes 14 and 15 to the consolidated financial statements.

As at 31 December 2021, management assessed the Group's printing business' assets mainly comprising leasehold improvements, plant and machinery and right-of-use assets for indication of impairment. The economic facing by the Group may adversely impact the recoverable values of the assets used in printing business which is considered to be a triggering event for impairment review.

Management considered property, plant and equipment and right-of-use assets of printing business to be a cash generating unit ("CGU"). The recoverable amount of the property, plant and equipment and right-of-use assets of printing business is assessed by value-in-use calculations which are based on future discounted cash flows on a cash generating unit basis.

Management engaged an external valuer to value the discount rate adopted in value-in-use calculations.

Based on the managements' assessment, no impairment losses of property, plant and equipment (for the nine months ended 31 December 2020: HK\$3,111,000) and right-of-use assets (for the nine months ended 31 December 2020: HK\$5,047,000) were recognised in profit and loss during the year ended 31 December 2021.

This area is significant to our audit because of the significance of the carrying amounts of the assets and the significant management judgement involved in determining the value-in-use prepared based on future discounted cash flows. The judgement focuses on growth rates, gross margins and discount rates. All these factors are with estimation uncertainties and may impact the results of the impairment assessment.

How our audit addressed the key audit matter

Our key audit procedures included:

- (a) assessed the competence, capabilities and objectivity of management's external valuer;
- (b) obtained the valuation report and discussed with the external valuer on the methodologies and key assumptions used in determination of discount rate;
- (c) obtained an understanding on the Group's policies and procedures to identify impairment indicators;
- (d) gained an understanding of the calculations based on the cash flow forecast of printing business used by management in determining the impairment loss of the property, plant and equipment and right-ofuse assets;
- (e) compared the forecasted sales performance to the approved budget and business plan, and compared estimated running costs to printing business's performance;
- discussed with management the business plan and evaluated the reasonableness of those plans with the historical performance of printing business and latest market trend;
- (g) assessed the reasonableness of key assumptions such as growth rates and gross margin based on available market reports and historical trend analyses;

KEY AUDIT MATTERS (Continued)

Key audit matter

Impairment of property, plant and equipment and right-of-use assets (Continued)

Refer to notes 14 and 15 to the consolidated financial statements. (Continued)

How our audit addressed the key audit matter

- (h) reconciled input data to supporting evidence, such as inflation rates, strategic plans and market data; and
- (i) checked accuracy of the mathematical calculations of value-in-use and impairment loss.

Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessment to be supported by the available evidence.

Revenue recognition

Refer to note 5 to the consolidated financial statements.

The Group recognised revenue of approximately HK\$55,032,000 (for the nine months ended 31 December 2020: HK\$40,909,000) from the provision of integrated printing services, the electric vehicle charging solution services and sales of electric vehicle charging system for the year ended 31 December 2021.

Revenue from provision of financial printing services on IPO projects of approximately HK\$335.000 (for the nine months ended 31 December 2020: HK\$1,785,000) is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. This is identified as a key audit matter because the amount involved is significant and management used significant judgements and estimations to determine the progress towards complete satisfaction of the performance obligation at the reporting date.

Our key audit procedures included:

- (a) inspected key contract terms as stipulated in sales contracts or quotation signed, on a sample basis, to assess the appropriateness of the Group's revenue recognition accounting policies with reference to the requirements of the prevailing accounting standards;
- (b) checked the reasonableness of the estimated total services costs to complete the projects by tracing to the contracts signed with respective customers and assessed the reasonableness of the data used in the estimation with reference to historical records of similar project; and
- (c) checked, on a sample basis, the supporting documents of and the mathematical accuracy of the incurred costs to date.

Based on the audit procedures performed, we found the key judgements and assumptions used in the revenue recognition to be supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Ho Fung.

D & PARTNERS CPA LIMITED

Certified Public Accountants Wong Ho Fung Practising Certificate Number: P07542 Hong Kong 31 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

			For the
		For the	nine months
		year ended	ended
		31 December	31 December
		2021	2020
	Note	HK\$'000	HK\$'000
Revenue	5	55,032	40,909
Cost of services		(48,069)	(32,880)
Gross profit		6,963	8,029
Other income	6	3,581	6,651
Selling expenses		(2,004)	(2,192)
Administrative and other operating expenses		(66,561)	(41,909)
Research and development expenses		(1,691)	(1,502)
Finance costs	7	(1,221)	(1,135)
Loss before tax		(60,933)	(32,058)
Income tax (expense)/credit	8	(1,066)	1,587
Loss and total comprehensive expense			
for the year/period	9	(61,999)	(30,471)
Loss and total comprehensive expense for			
the year/period attributable to:			
Owners of the Company		(61,364)	(30,471)
Non-controlling interests		(635)	_
		(61,999)	(30,471)
Loss per share attributable to owners of the Company			
Basic and diluted <i>(HK cents)</i>	13	(10.46)	(6.59)

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 <i>HK\$'000</i>	2020 HK\$`000
Non-current assets			
Property, plant and equipment	14	15,261	18,977
Right-of-use assets	15	53,683	25,199
Other intangible assets	16	18,626	12,099
Goodwill	17	30,080	30,080
Deposits	20	6,747	3,532
Deferred tax assets	26	4	5
		124,401	89,892
Current assets			
Inventories	18	7,494	3,661
Contract assets	19	_	434
Trade and other receivables, prepayments and deposits	20	21,437	11,407
Tax recoverable		60	864
Bank balances and cash	21	16,622	33,205
		45,613	49,571
Current liabilities			
Contract liabilities	19	722	392
Trade and other payables	22	16,937	35,069
Bank borrowings	23	67	267
Lease liabilities	24	11,042	11,838
Loan from shareholders	35	28,100	
		56,868	47,566
Net current (liabilities)/assets		(11,255)	2,005
Total assets less current liabilities		113,146	91,897

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 <i>HK\$'000</i>	2020 <i>HK\$`000</i>
Non-current liabilities			
Lease liabilities	24	44,037	18,890
Provisions	25	2,760	916
Promissory note	27	—	5,104
Deferred tax liabilities	26	4,681	3,531
		51,478	28,441
NET ASSETS		61,668	63,456
Capital and reserves			
Share capital	28	6,078	4,805
Reserves		56,225	58,651
Equity attributable to owners of the Company		62,303	63,456
Non-controlling interests	37	(635)	
Total equity		61,668	63,456

The consolidated financial statements on pages 67 to 162 were approved and authorised for issue by the Board of Directors on 31 March 2022 and signed on its behalf by

Liang Zihao Director Li Man Keung Edwin Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

		Attri	butable to own	ers of the Comp	any			
_			Rese	erves				
	Share capital <i>HK\$`000</i>	Share premium HK\$ 000 (Note i)	Capital reserve HK\$'000 (Note ii)	Share-based payments reserve HK\$'000	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests HK\$'000 (Note iii)	Total equity HK\$'000
At 1 April 2020	4,400	52,821	17,802	-	53	75,076	_	75,076
Loss and total comprehensive expense for the period	_	_	_	-	(30,471)	(30,471)	_	(30,471)
lssue of shares pursuant to acquisition of a subsidiary	405	18,446	_	_	_	18,851	_	18,851
At 31 December 2020	4,805	71,267	17,802	_	(30,418)	63,456	_	63,456
Issue of shares pursuant to the Share Placing (Note iv)	497	18,856	_	-	-	19,353	_	19,353
lssue of shares pursuant to the Share Subscription (Note v)	776	32,034	-	-	-	32,810	-	32,810
Recognition of equity-settled share based payment	-	-	-	8,048	-	8,048	-	8,048
Loss and total comprehensive expense for the year	_	_	_	-	(61,364)	(61,364)	(635)	(61,999)
At 31 December 2021	6,078	122,157	17,802	8,048	(91,782)	62,303	(635)	61,668

- *Note i:* Share premium represents the excess of the net proceeds from issuance of the Company's shares 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 the Company is able to pay its debts as they fall due in the ordinary course of business.
- *Note ii:* Capital reserve of the Group 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 group reorganisation.
- *Note iii:* As at 31 December 2021, the Group had the non-controlling interests ("NCI") arising from its 75% equity interest in a subsidiary of the Group, Elegance Financial Communications Limited. Details of non-controlling interests are set out in note 37.
- *Note iv:* On 4 January 2021, an aggregate of 49,625,000 placing shares have been successfully placed at the placing price of HK\$0.40 per placing share pursuant to the terms and conditions of the placing agreement. Pursuant to the terms of the placing agreement, 2.5% of gross proceeds from the Share Placing have been deducted as the placing commission paid to the placing agents. The placing commission of approximately HK\$497,000 has been paid to placing agents during the year ended 31 December 2021.

The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the placing agents and was determined with reference to the prevailing market rates charged by other placing agents.

Note v: On 10 March 2021, an aggregate of 69,625,000 subscription shares have been issued and allotted to the subscribers on at the subscription price of HK\$0.40 per subscription share pursuant to the terms and conditions of the subscription agreement. In addition, on 6 December 2021, an aggregate of 8,000,000 subscription shares have been issued and allotted to the subscribers on at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the subscription share pursuant to the terms and conditions of the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	For the year ended 31 December 2021	For the nine months ended 31 December 2020
	HK\$'000	HK\$'000
OPERATING ACTIVITIES		
Loss before tax	(60,933)	(32,058)
Adjustments for:		(,,
Depreciation of property, plant and equipment	5,636	4,413
Depreciation of right-of-use assets	10,240	8,422
Amortisation of other intangible assets	1,144	441
Impairment loss recognised on trade receivables, net of reversal	240	507
Impairment loss recognised on property, plant and equipment	_	3,111
Impairment loss recognised on right-of-use assets	_	5,047
Write off property, plant and equipment	401	_
Interest income	(138)	(89)
Finance costs	1,221	1,135
Loss on disposal of property, plant and equipment	15	1,326
Reinstatement provision expenses	37	30
Share-based payments expenses	8,048	_
Operating cash flows before movements in working capital	(34,089)	(7,715)
Increase in inventories	(3,833)	(1,705)
Decrease/(increase) in contract assets	434	(241)
(Increase)/decrease in trade and other receivables and deposits	(10,270)	6,088
Increase/(decrease) in contract liabilities	330	(317)
Decrease in trade and other payables	(18,132)	(1,208)
Cash used in operations	(65,560)	(5,098)
Hong Kong Profits Tax refunded	889	_
Interest received	6	2
NET CASH USED IN OPERATING ACTIVITIES	(64,665)	(5,096)

	For the year ended 31 December 2021 <i>HK\$'000</i>	For the nine months ended 31 December 2020 <i>HK\$`000</i>
		,
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	-	2,315
Purchase of property, plant and equipment	(2,336)	(6,589)
Purchase of other intangible assets	(288)	(141)
Development costs paid	(7,383)	(2,628)
Payments for rental deposits	(3,843)	_
Net cash outflow on acquisition of a subsidiary	_	(13,933)
NET CASH USED IN INVESTING ACTIVITIES	(13,850)	(20,976)
FINANCING ACTIVITIES	(222)	
Repayment of bank borrowings	(200)	(324)
Repayment of lease liabilities	(11,806)	(7,984)
Repayment of promissory note	(5,104)	—
Proceed from receipt in advance for placing shares	—	19,850
Proceeds from issue of shares	52,660	—
Transaction costs attributable to issue of shares	(497)	—
Interest paid	(1,221)	(1,031)
Advance from shareholders	28,100	
NET CASH FROM FINANCING ACTIVITIES	61,932	10,511
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,583)	(15,561)
CASH AND CASH EQUIVALENTS AT BEGINNING OF		
THE YEAR/PERIOD	33,205	48,766
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	16,622	33,205

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

1. GENERAL INFORMATION

Cornerstone Technologies Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 24 January 2017. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer on 11 May 2018. The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is situated at Room 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (hereinafter collectively referred to as the "Group") is principally engaged in the provision of printing, typesetting and translation services, electric vehicles charging business in Hong Kong. The principal activities of its major subsidiaries are set out in note 36.

The immediate and ultimate holding company is Global Fortune Global Limited ("Global Fortune"), which is a limited liability company incorporated in the British Virgin Islands (the "BVI"). Mr. Wu Jianwei and Mr. Liang Zihao (the "Ultimate Controlling Parties"), who are a non-executive director and an executive director of the Company, held 51% and 49% of Global Fortune, respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16 Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Covid-19-Related Rent Concessions Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" which determining the net realisable value of inventories.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

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

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related amendments ^{2, 6}
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ¹
HK Interpretation 5 (2020)	Presentation of Financial Statements - Classification by
	the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendment to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021 ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²

¹ Effective for annual periods beginning on or after 1 January 2022

- ² Effective for annual periods beginning on or after 1 January 2023
- ³ Effective date not yet determined
- ⁴ Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022
- ⁵ Effective for annual periods beginning on or after 1 April 2021
- ⁶ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The comparative figures presented for the consolidated financial statements cover a period of nine months from 1 April 2020 to 31 December 2020 and are not directly comparable with those of current financial year.

Going concern assumptions

The Group incurred net loss of approximately HK\$61,999,000 (for the nine months ended 31 December 2020: HK\$30,471,000) for the year ended 31 December 2021. As at 31 December 2021, the Group had net current liabilities of HK\$11,255,000 (2020: net current assets of HK\$2,005,000).

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2021 and subsequently thereto up to the date when the consolidated financial statements are authorised for issue. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date when the consolidated financial statements are authorised for issue, but not limited to, the followings:

- (a) The Group had further obtained a loan facility with an aggregated amount of HK\$70,000,000 from a licensed money lending company in Hong Kong. The Group's loan facility was supported by personal guarantee executed by Li Man Keung Edwin, one of the shareholders and executive directors of the Group. As at the date of this report, no facility had been drawn down by the Group;
- (b) On 30 March 2022, the Group entered into a Green Loan Facility Agreement with Captain Source Limited (the "Lender"), an independent Company and a green loan advisor, for a term loan facility with a limit of HK\$150,000,000 (the "Loan Facility"). The loans under the Loan Facility will be secured, interest-bearing at 10% per annum and repayable in the eighteenth month from the date of drawdown. Subject to the terms and conditions of the Green Loan Facility Agreement, 1% of non-refundable arrangement fee on the Loan Facility will be payable to the lender. As at the date of this report, no facility had been drawn down by the Group;
- (c) Implementing comprehensive policies to monitor cash flows through cutting costs and capital expenditure; and

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

Going concern assumptions (Continued)

(d) Mr. Wu Jianwei, Mr Liang Zihao, Mr. Li Man Keung Edwin and Mr. Pan Wenyuan, the controlling shareholders of the Group, have committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its financial obligations as they fall due. Besides, they agreed not to demand the amounts due to them at an aggregate amount of HK\$28,100,000 as at 31 December 2021 within the next twelve months from the reporting date. Letter of undertaking and support are obtained from Mr. Wu Jianwei, Mr Liang Zihao, Mr. Li Man Keung Edwin and Mr. Pan Wenyuan.

The directors of the Company, including members of the audit committee, have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2021. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.
- 3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Business combinations (Continued)

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

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 cashgenerating 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Goodwill (Continued)

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 cashgenerating 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 cashgenerating unit (or the group of cash-generating units) retained.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Provision of integrated commercial printing services, financial printing services on financial documents and other printing services are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Revenue from provision of financial printing services on Initial Public Offering ("IPO") projects is recognised over time as the performance obligation is satisfied when the customer receives and uses the benefits simultaneously.

Revenue from sales of electric vehicle charging systems 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Revenue from subscription fee of rental of electric vehicle charger is recognised over time as the performance obligation is satisfied when the customer receives and uses the benefits simultaneously.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Group's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised conditionalities for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Equity-settled share-based payment transactions

Share options granted to directors and employees

Equity-settled share based payments to directors and employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straightline basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

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 related to income 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. Such grants are presented under "other income".

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme"), and Occupational Retirement Schemes Ordinance Scheme ("ORSO Scheme") as defined contribution retirement schemes in Hong Kong are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies requirements of HKAS 12 Income Taxes to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Intangible assets (Continued)

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Intangible assets (Continued)

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.

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill (Continued)

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. Second is possible to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cashgenerating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Reinstatement provisions

Provision for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets, estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, contract assets, deposits and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the impairment loss equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- (i) Significant increase in credit risk *(Continued)*
 - an actual or expected significant deterioration in the operating results of the debtor;
 - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, promissory note, loan from shareholders and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future years.

4. **KEY SOURCES OF ESTIMATION UNCERTAINTY** (Continued)

Key sources of estimation uncertainty

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables and contract assets which are individually insignificant. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forwardlooking information are considered. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 20 and 19 respectively.

Revenue recognition

The Group recognised revenue from provision of financial printing services on IPO projects through over time by reference to the progress of satisfaction of performance obligations of each project at the reporting date. The progress is determined based on actual inputs, such as staff costs and other printing costs, deployed on each project and the respective input costs comparing to the estimated total service costs of each project by tracing to the contracts signed with respective customers. The computation of the progress and estimation of total service costs for each project require the use of judgement and estimates.

Estimated impairment of goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill and other intangible assets have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties due to uncertainty on how the Covid-19 pandemic may progress and evolve.

The net carrying amounts, of goodwill and other intangible assets as at 31 December 2021 were HK\$30,080,000 (2020: HK\$30,080,000) and HK\$18,626,000 (2020: HK\$12,099,000) respectively. Details of the recoverable amount calculation are disclosed in note 17.

4. **KEY SOURCES OF ESTIMATION UNCERTAINTY** (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's printing operations.

As at 31 December 2021, the carrying amounts of right-of-use assets was HK\$53,683,000 (2020: HK\$25,199,000) and the carrying amounts of property, plant and equipment was HK\$15,261,000 (2020: HK\$18,977,000). Based on the management's assessment, no impairment losses were provided for right-of-use assets and property, plant and equipment in the current year (for the nine months ended 31 December 2020: impairment losses of HK\$5,047,000 and HK\$3,111,000 were recognised in right-of-use assets and property, plant and equipment, respectively). Details of the impairment of right-of-use assets and property, plant and equipment are disclosed in notes 15 and 14 respectively.

5. 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.

For the year ended 31 December 2021

5. **REVENUE AND SEGMENT INFORMATION** (Continued)

Segment information (Continued)

Upon completion of the business combinations in prior period, 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
- The provision of electric vehicle charging solution services and sales of electric vehicle charging systems.

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2021 <i>HK\$'000</i>	For the nine months ended 31 December 2020 <i>HK\$'000</i>
Printing business		
Commercial printing services Financial printing services — Financial documents Financial printing services — IPO documents Other services <i>(Note)</i>	30,857 15,502 335 1,535	19,008 18,414 1,785 1,131
	48,229	40,338
Electric vehicle charging business — Sales of electric vehicle charging systems — Subscription fee income	6,450 353	523 48
	6,803	571
	55,032	40,909
Timing of revenue recognition A point in time Over time	54,344 688	39,076 1,833
	55,032	40,909

Note: Other services included ad hoc design and artwork, and/or translation services, etc.

For the year ended 31 December 2021

5. **REVENUE AND SEGMENT INFORMATION** (Continued)

Segment information (Continued)

(ii) Segment information

	Printing business	Electric vehicle charging business	For the year ended 31 December 2021
	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	48,229	6,803	55,032
Segment results	(15,865)	(33,123)	(48,988)
Unallocated expenses Income tax expense			(11,945) (1,066)
Loss for the year			(61,999)
Segment assets Unallocated assets	72,550	61,279	133,829 36,185
Total assets			170,014
Segment liabilities Unallocated liabilities	(55,418)	(21,921)	(77,339) (31,007)
Total liabilities			(108,346)
Other segment information:			
Additions to property, plant and equipment	294	2,042	2,336
Cost of services	42,888	5,181	48,069
Depreciation of property, plant and equipment	4,198	1,438	5,636
Depreciation of right-of-use assets	8,491	1,749	10,240
Write off property, plant and equipment Amortisation of other intangible assets	401	 1,144	401 1,144
J		, .	,

For the year ended 31 December 2021

5. **REVENUE AND SEGMENT INFORMATION** (Continued)

Segment information (Continued)

(ii) Segment information (Continued)

			For the
		Electric	nine months
		vehicle	ended
	Printing	charging	31 December
	business	business	2020
	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	40,338	571	40,909
Segment results	(16,962)	(11,654)	(28,616)
Unallocated expenses			(3,442)
Income tax credit			1,587
Loss for the period			(30,471)
Segment assets	65,523	28,637	94,160
Unallocated assets			45,303
Total assets			139,463
Segment liabilities	(42,688)	(6,894)	(49,582)
Unallocated liabilities		. , .	(26,425)
Total liabilities			(76,007)
Other segment information:			
Additions to property, plant and equipment	5,385	1,204	6,589
Cost of services	32,408	472	32,880
Depreciation of property, plant and equipment	3,962	451	4,413
Depreciation of right-of-use assets	7,830	592	8,422
Impairment of property, plant and equipment	3,111	_	3,111
Impairment of right-of-use assets	5,047	_	5,047
Amortisation of other intangible assets	_	441	441
5			

For the year ended 31 December 2021

5. **REVENUE AND SEGMENT INFORMATION** (Continued)

Segment information (Continued)

(ii) Segment information (Continued)

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 the reporting periods is derived from Hong Kong and all of the Group's assets and liabilities are located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding year/period contributing over 10% of the total revenue of the Group is as follows:

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Customer A	13,059	7,430

6. OTHER INCOME

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Interest income	138	89
Government grant <i>(Note)</i>	_	5,170
Exchange (loss)/gain, net	(37)	21
Sundry income	3,480	1,371
	3,581	6,651

Note: Government grants from employment support scheme of approximately HK\$5,170,000 are recognised during the nine months ended 31 December 2020 to subsidise eligible employer for paying wages of employees in the subsidy period. The Group is required to undertake and warrant that the Group will not implement redundancies during the subsidy period and spend all wages subsidies on paying wages to its employees.

7. FINANCE COSTS

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
— Interest on bank borrowings	33	14
 Interest on promissory note 	55	104
— Interest on lease liabilities	1,133	1,017
	1,221	1,135

8. INCOME TAX EXPENSE/(CREDIT)

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. 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%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the reporting year and prior period.

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Hong Kong Profits Tax:		
Current tax	_	136
Overprovision in prior period/year	(85)	(36)
	(85)	100
Deferred taxation expense/(credit) (note 26)	1,151	(1,687)
Income tax expense/(credit)	1,066	(1,587)

For the year ended 31 December 2021

8. INCOME TAX EXPENSE/(CREDIT) (Continued)

The income tax expense/(credit) for the year/period can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Loss before tax	(60,933)	(32,058)
Tax at the domestic income tax rate	(10,054)	(5,290)
Tax effect of expenses not deductible for tax purpose	2,012	732
Tax effect of income not taxable for tax purpose	(50)	(847)
Tax effect of tax losses/deductible temporary difference not		
recognised	9,273	3,914
Utilisation of tax losses previously not recognised	(30)	_
Income tax at concessionary rate	_	(60)
Overprovision in prior period/year	(85)	(36)
Income tax expense/(credit)	1,066	(1,587)

9. LOSS FOR THE YEAR/PERIOD

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Loss for the year/period has been arrived at after		
charging/(crediting):		
Staff costs (including directors' emoluments)		
 Salaries and other benefits 	49,199	29,200
 Contributions to defined contribution plans 	1,751	835
— Share-based payments expenses	7,552	
Total staff costs	58,502	30,035
Auditor's remuneration	800	800
Cost of inventories (Note i)	48,069	32,852
Depreciation of property, plant and equipment	5,636	4,413
Depreciation of right-of-use assets	10,240	8,422
Amortisation of other intangible assets	1,144	441
Exchange loss/(gain), net	37	(21
Impairment loss recognised on trade receivables	331	649
Impairment loss recognised on property, plant and equipment		
(Note ii)	_	3,111
Impairment loss recognised on right-of-use assets (Note ii)	_	5,047
Write off property, plant and equipment	401	_
Loss on disposal of property, plant and equipment	15	1,326
Share-based payment expenses (non-employees related)	496	_
Factory relocation expenses	_	2,900

- *Note i:* During the year ended 31 December 2021, cost of inventories included approximately HK\$26,938,000 (for the nine months ended 31 December 2020: approximately HK\$21,606,000) relating to the aggregate amount of certain staff costs, depreciation of property, plant and equipment and right-of use assets and operating lease charges, which were included in the respective amounts as disclosed above.
- *Note ii:* No impairment losses related to property, plant and equipment and right-of use assets (for the nine months ended 31 December 2020: HK\$3,111,000 and HK\$5,047,000) have been recorded in administrative and other operating expenses during the year ended 31 December 2021. Property, plant and equipment and right-of-use assets of printing business are determined as one cash-generating unit. The impairment loss attributable to this cash-generating unit was then allocated to write down the assets in the cash-generating unit. Details of impairment assessment of property, plant and equipment and right-of-use assets are set out in note 14.

10. DIRECTORS' EMOLUMENTS

Certain directors of the Company received remuneration from the entities now comprising the Group during the reporting year and prior period for their employment as directors or employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the reporting year and prior period are set out below.

Year ended 31 December 2021

	Directors' fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Share-based payments expenses <i>(Note iii)</i> <i>HK\$'000</i>	Contributions to defined contribution plans <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive directors						
Mr. Liang Zihao	_	-	-	1,402	_	1,402
Mr. Sam Weng Wa Michael	_	_	_	140	_	140
Mr. Li Man Keung Edwin <i>(Note i)</i> Mr. Lau Wai Yan Lawson	-	-	-	1,402	-	1,402
(Note i)	_	1,008	_	1,196	18	2,222
Mr. Pan Wenyuan <i>(Note ii)</i>	93	-	-	-	-	93
Non-executive director						
Mr. Wu Jianwei	-	_	-	1,402	_	1,402
Independent non-executive directors						
Mr. Tam Ka Hei Raymond	120	_	_	140	_	260
Mr. Yuen Chun Fai	120	_	_	140	_	260
Ms. Zhu Xiaohui	120	_	_	140		260
	453	1,008	_	5,962	18	7,441

For the year ended 31 December 2021

10. DIRECTORS' EMOLUMENTS (Continued)

Nine months ended 31 December 2020

	Directors' fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$`000</i>	Discretionary bonus <i>HK\$`000</i>	Share-based payments expenses <i>(Note iii)</i> <i>HK\$`000</i>	Contributions to defined contribution plans <i>HK\$`000</i>	Total <i>HK\$'000</i>
Executive directors						
Mr. Liang Zihao	_	_	_	_	_	_
Mr. Sam Weng Wa Michael	_	_	_	_	_	_
Mr. Li Man Keung Edwin <i>(Note i)</i>	_	_	_	_	_	_
Mr. Lau Wai Yan Lawson <i>(Note i)</i>	_	326	_	_	8	334
Non-executive director						
Mr. Wu Jianwei	-	—	-	-	-	-
Independent non-executive						
directors						
Mr. Tam Ka Hei Raymond	90	-	-	-	-	90
Mr. Yuen Chun Fai	90	-	_	-	_	90
Ms. Zhu Xiaohui	90		_	_		90
	270	326	_	_	8	604

Note i: Mr. Li Man Keung Edwin and Mr. Lau Wai Yan Lawson were appointed as executive directors of the Company on 24 August 2020.

Note ii: Mr. Pan Wenyuan was appointed as an executive director of the Company on 22 March 2021.

Note iii: Amounts represent the fair value of share options measured at the grant date charged to the consolidated statement of profit or loss and other comprehensive income when vested.

During the year ended 31 December 2021 and the nine months ended 31 December 2020, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remunerations during the year ended 31 December 2021 and the nine months ended 31 December 2020.

During the year ended 31 December 2021, certain directors were granted share options, in respect of their services to the Group under the share option scheme (for the nine months ended 31 December 2020: Nil). Details of the share option scheme are set out in note 29 to the consolidated financial statements.

11. FIVE HIGHEST PAID EMPLOYEES

During the year ended 31 December 2021, the five highest paid individuals include four directors of the Company (for the nine months ended 31 December 2020: Nil), details of whose emoluments are set out in note 10 to the consolidated financial statements above. The emoluments of one (for the nine months ended 31 December 2020: five) highest paid employees are as follows:

	1,791	3,266
Share-based compensation expenses	718	_
Contributions to defined contribution plans	29	98
Salaries, allowances and benefits in kind	1,044	3,168
	HK\$'000	HK\$'000
	2021	2020
	31 December	31 December
	ended	ended
	year	nine months
	For the	For the

Their emoluments fell within the following bands is as follows:

	Number of employees	
	For the	For the
	year	nine months
	ended	ended
	31 December 31 Decemb	
	2021	2020
Nil to HK\$1,000,000	_	4
HK\$1,000,001 to HK\$1,500,000	_	1
HK\$1,500,001 to HK\$2,000,000	1	_

During the reporting year and prior period, no emoluments were paid by the Group to any of these highest paid non-director and non-chief executive employees as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the reporting year and prior period.

For the year ended 31 December 2021

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting year (for the nine months ended 31 December 2020: Nil).

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributed to the owners of the Company is based on the following data:

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Loss:		
Loss for the purpose of calculating basic loss per share		
(loss for the year/period attributable to owners of the		
Company)	(61,364)	(30,471)
	'000	`000
Number of shares:		
Weighted average number of ordinary shares for the purpose		
of calculating basic loss per share	586,633	462,113

During the reporting year, the Group has issued 127,250,000 shares through share placing and subscription and the number of ordinary shares had been increased from 480,540,541 to 607,790,541. For details, please refer to note 28.

No diluted loss per share is presented for current year and prior period since the assumed exercise of the share options would result in a decrease in diluted loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Plant and machinery <i>HK\$'000</i>	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Electric vehicle charging systems HK\$'000	Total <i>HK\$'000</i>
COST						
At 1 April 2020	4,810	102,267	12,076	218		119,371
Acquired on acquisition of						
a subsidiary	483	_	1,234	_	1,661	3,378
Additions	3,805	551	1,607	_	626	6,589
Disposal	(3,660)	[31,732]	(3,728)	_	_	(39,120)
At 31 December 2020	5,438	71,086	11,189	218	2,287	90,218
Additions	28	20	944		1,344	2.227
	20	20	(270)	(218)	1,344	2,336 (489)
Disposal	(2(0)	—				
Written-off	(240)		(538)	_	_	(778)
At 31 December 2021	5,226	71,106	11,325	_	3,630	91,287
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS						
At 1 April 2020	4,790	82,631	11,557	218	_	99,196
Provided for the period	427	3,411	493	_	82	4,413
Provision for impairment loss	618	2,493	_	_	_	3,111
Disposal	(3,641)	[28,203]	(3,635)	_	_	(35,479)
At 31 December 2020	2,194	60,332	8,415	218	82	71,241
Provided for the year	763	3,566	1,019	_	288	5,636
Disposal	_	-	(256)	(218)	_*	(474)
Eliminated on written-off	(89)	_	(288)			(377)
At 31 December 2021	2,868	63,898	8,890	_	370	76,026
CARRYING VALUES						
At 31 December 2021	2,358	7,208	2,435	_	3,260	15,261

* Represent the amounts less than HK\$1,000.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on straight-line basis at the following rates per annum:

Leasehold improvements	10 years or the lease term, whichever is shorter
Plant and machinery	5 to 10 years
Furniture and equipment	3 to 7 years
Motor vehicles	5 years
Electric vehicle charging systems	10 years

Impairment assessment

The Group had reported a continued loss in printing business during the year ended 31 December 2021 and the nine months ended 31 December 2020. The management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment and right-of-use assets in printing business with carrying amounts of approximately HK\$10,526,000 and HK\$40,700,000 respectively as at 31 December 2021 (2020: HK14,846,000 and HK\$22,786,000). The Group considers property, plant and equipment and right-of-use assets in printing business as one cash-generating unit ("CGU") and estimates the recoverable amount of the CGU to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate as-sets when reasonable and consistent basis can be established. The recoverable amount of CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate is 13.92% as at 31 December 2021 (2020: 11.34%). The annual growth rate used is 0% (2020: 0%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. The cash flows beyond the five-year period are extrapolated using 0% growth rate. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the CGUs' past performance and management expectations for the market development.

Based on the result of the assessment and the value in use calculation, management of the Group determined that the recoverable amount of the CGU is higher than the carrying amount, no impairment losses have been recognised against the carrying amounts of property, plant and equipment and right-of-use assets during the year ended 31 December 2021 (for the nine months ended 31 December 2020: HK\$3,111,000 and HK\$5,047,000, respectively).

For the year ended 31 December 2021

15. RIGHT-OF-USE ASSETS

	Leased		Motor	
	properties	Machineries	Vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2021				
Carrying amount	52,698	536	449	53,683
As at 31 December 2020				
Carrying amount	23,523	1,018	658	25,199
For the year ended				
31 December 2021				
Depreciation charge	9,549	482	209	10,240
For the nine months ended				
31 December 2020				
Depreciation charge	7,957	429	36	8,422
Impairment loss recognised	5,047	_	_	5,047

	Year	Nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Expenses relating to short-term leases	1,270	1,137
Total cash outflow for leases	11,806	7,984
	11,000	7,704
Additions to right-of-use assets	38,724	3,004

Details of impairment assessment are set out in note 14.

For the year ended 31 December 2021

15. RIGHT-OF-USE ASSETS (Continued)

For the reporting year and prior period, the Group leases various premises, machineries and motor vehicles for its operations. Lease contracts are entered into for fixed term of 3 to 7 years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Extension and termination options

The Group has extension or termination options in a number of leases for office and warehouse. This is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain not to exercise and termination options in which the Group is not reasonably certain not to exercise is summarised below:

		Potential future lease payments		Potential future lease payments
	Lease	not included	Lease	not included
	liabilities	in lease	liabilities	in lease
	recognised	liabilities	recognised	liabilities
	as at	(undiscounted)	as at	(undiscounted)
	31 December	31 December	31 December	31 December
	2021	2021	2020	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Factory — Hong Kong	14,438	_	17,839	_
Office — Hong Kong	36,675	_	1,487	_
Warehouse — Hong Kong	105	—	352	_

For the year ended 31 December 2021

15. RIGHT-OF-USE ASSETS (Continued)

Extension and termination options (Continued)

The following table summarised the additional lease liabilities recognised during the year ended 31 December 2021 and the nine months ended 31 December 2020 as a result of exercising extension option that the Group was not reasonably certain to exercise and not exercising termination option that the Group was not reasonably certain not to exercise:

For the year ended 31 December 2021

	Termination option exercisable <i>No. of leases</i>	Termination option exercised <i>No. of leases</i>
Offices — Hong Kong	2	_
Warehouse — Hong Kong	1	

Additional lease liabilities recognised (HK\$'000)	10,142
--	--------

For the nine months ended 31 December 2020

	Termination option exercisable <i>No. of leases</i>	Termination option exercised <i>No. of leases</i>
Offices — Hong Kong	1	_
Warehouse — Hong Kong	1	_

Additional lease liabilities recognised (HK\$'000) 1,2	264
--	-----

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the reporting year/period, there is no such triggering event.

16. OTHER INTANGIBLE ASSETS

	Development costs HK\$`000	Technology HK\$'000	Registered trademarks <i>HK\$`000</i>	Patent <i>HK\$'000</i>	Customer relationship <i>HK\$`000</i>	Total <i>HK\$'000</i>
COST						
At 1 April 2020	-	-	-	-	-	-
Acquired on acquisition of		/ 150	11	0.000	4 /07	0.774
a subsidiary	-	6,153	11	2,000	1,607	9,771
Additions	2,628		141	-	_	2,769
At 31 December 2020 and						
1 January 2021	2,628	6,153	152	2,000	1,607	12,540
Additions	7,383	_	283	5	_	7,671
At 31 December 2021	10,011	6,153	435	2,005	1,607	20,211
AMORTISATION						
At 1 April 2020	_	_	_	_	-	_
Provided for the period	_	257	3	76	105	441
At 31 December 2020	_	257	3	76	105	441
Provided for the year	66	615	16	196	251	1,144
At 31 December 2021	66	872	19	272	356	1,585
CARRYING VALUES						
At 31 December 2021	9,945	5,281	416	1,733	1,251	18,626
At 31 December 2020	2,628	5,896	149	1,924	1,502	12,099

Development costs are internally generated. The above registered trademarks, patent and technology were acquired as part of a business combination during the nine months ended 31 December 2020.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

10 years
1-10 years
15 years
15 years
5-10 years

Details of impairment assessment are set out in note 17.

For the year ended 31 December 2021

17. GOODWILL

	Acquisition of Cornerstone EV HK\$'000
COST	
At 1 April 2020	_
Arising on acquisition of a subsidiary	30,080
At 31 December 2020 and 2021	30,080
CARRYING VALUES	
At 31 December 2021	30,080
At 31 December 2020	30,080

For the purposes of impairment testing, goodwill has been allocated to one CGU, comprising one subsidiary in the electric vehicle charging segment. The carrying amount of goodwill (net of accumulated impairment losses) allocated to the unit is as follows:

	Goodwill	
	2021	2020
	HK\$'000	HK\$'000
Electric vehicle charging segment – Cornerstone EV	30,080	30,080

In addition to goodwill, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment.

The recoverable amount of electric vehicle charging segment CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 10-year period and discount rate of 15.17% (2020: 16.0%). Electric vehicle charging segment CGU's cash flows beyond the 10-year period are extrapolated using a steady 2.5% (2020: 2.5%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/ outflows which include budgeted sales and gross margin, such estimation is based on electric vehicle charging segment CGU's past performance and management's expectations for the market development.

During the year ended 31 December 2021 and the nine months ended 31 December 2020, management of the Group determines that there is no impairment on electric vehicle charging segment CGU.

For the year ended 31 December 2021

18. INVENTORIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$`000</i>
Raw materials	3,080	1,658
Work in progress	1,014	1,920
Finished goods	3,400	83
	7,494	3,661

19. CONTRACT ASSETS AND CONTRACT LIABILITIES

		2021	2020
	Note	HK\$'000	HK\$'000
Contract assets	(a)	_	434
Contract liabilities	(b)	722	392

(a) Contract assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$`000</i>
Provision of financial printing services on IPO projects	_	434

The contract assets primarily relate to the Group's right to consideration for work completed and not billed on the financial printing services on IPO projects because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer contract assets to trade receivables upon achieving the specified milestones in the contracts.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

For the year ended 31 December 2021

19. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(a) **Contract assets** (Continued)

Details of the impairment assessment of contract assets are set out in note 33. As at 31 December 2021, none of the Group's contract assets were impaired (for the nine months ended 31 December 2020: Nil).

There was no retention held by customers on services contracts as at 31 December 2021 and 2020.

Movements in contract assets

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
At the beginning of the reporting year/period	434	193
Additions for the year/period	_	241
Transferred to trade receivables for the year/period	(434)	
At the end of the reporting year/period	_	434

For the year ended 31 December 2021

19. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$`000</i>
Provision of financial printing services on IPO projects	722	392

The contract liabilities represent the Group's obligation to transfer performance obligation to customers for which the Group has received considerations from the customers.

When the Group receives a deposit before the provision of financial printing services on IPO projects commence, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit received.

Movements in contract liabilities

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
At the beginning of the reporting year/period	392	709
Additions for the year/period	330	_
Revenue recognised for the year/period	_	(317)
At the end of the reporting year/period	722	392

The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue within one year or less.

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	28,184	14,939
Current assets	21,437	11,407
Non-current assets	6,747	3,532
Analysed for reporting purposes as:		
Total	28,184	14,939
		, , , , , , , , , , , , , , , , , , ,
	20,540	8,058
Deposits	7,460	4,359
Prepayments	10,694	2,721
Other receivables	2,386	978
 contracts with customers 	7,644	6,881
Trade receivables		
	HK\$'000	HK\$'000
	2021	2020

The Group normally grants credit terms up to 60 days from the date of issuance of invoices. The credit period provided to customers can vary based on a number of factors including nature of operations, the Group's relationship with the customer and the customer's credit profile.

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice date at the end of each reporting year/period is as follows:

	2021 <i>HK\$'000</i>	2020 HK\$`000
0 to 30 days	3,350	4,535
31 to 60 days	2,952	1,301
61 to 90 days	570	541
Over 90 days	772	504
	7,644	6,881

As at 31 December 2021, included in the Group's trade receivables balance, are debtors with aggregate carrying amount of approximately HK\$4,292,000 (2020: HK\$2,442,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$720,000 (2020: HK\$314,000) has been past due 90 days or more and is not considered as in default as these balances are mainly due from customers of good credit quality. The Group does not hold any collateral over the balances.

The movement in the allowance for impairment in respect of trade receivables during the year/ period was as follows:

	For the year ended 31 December 2021 <i>HK\$'000</i>	For the nine months ended 31 December 2020 <i>HK\$`000</i>
Balance at the beginning of the reporting year/period Reversal of impairment losses Impairment losses recognised Write-offs	605 (91) 331 —	142 (142) 649 (44)
Balance at the end of the reporting year/period	845	605

As at 31 December 2021 and 2020, other receivables of the Group are neither past due nor impaired and they have no default history and there are continuous subsequent settlements.

Details of impairment assessment of trade and other receivables are set out in note 33.

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21. BANK BALANCES AND CASH

As at 31 December 2021, bank balances and cash carry interest at prevailing market rate of 0.01% (2020: 0.01%) per annum.

Details of impairment assessment of bank balances are set out in note 33.

22. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$`000</i>
Trade payables	4,866	2,021
Accruals and other payables	8,279	9,796
Receipts in advance for placing of shares	2,000	19,850
Deposits received	1,792	3,402
	12,071	33,048
Total	16,937	35,069

The trade payables are non-interest bearing and the Group is normally granted with credit terms up to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting year/period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$`000</i>
0 to 30 days	3,942	1,541
31 to 60 days	490	364
61 to 90 days	434	116
	4,866	2,021

23. BANK BORROWINGS

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$`000</i>
Bank borrowings — secured	67	267
Carrying amounts of bank borrowings that contain a		
repayment on demand clause (show under current		
liabilities) but repayable:		
Within one year	67	200
More than one year, but not exceeding two years	_	67
Amounts shown under current liabilities	67	267

As at 31 December 2021 and 2020, the bank borrowing contains a repayment on demand clause and the amounts due is presented based on scheduled repayment dates set out in the loan agreements. The bank borrowing bear a flat interest rate of 0.55% per month. The bank borrowing is 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.

All of the banking facilities are subject to the fulfilment of covenants relating to a subsidiary's ratios based on its statement of financial position, as are commonly found in lending arrangements with financial institutions. If the subsidiary were to breach the covenants, 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. Further details of the Group's management of liquidity risk are set out in note 33 to the consolidated financial statements. As at 31 December 2021 and 2020, none of the covenants relating to drawn down facilities had been breached.

24. LEASE LIABILITIES

	2021 <i>HK\$`000</i>	2020 <i>HK\$`000</i>
Leases liabilities payable:		
Within one year	11,042	11,838
Within a period of more than one year but not more than		
two years	9,643	7,520
Within a period of more than two years but not more than five		
years	29,298	11,370
Within a period of more than five years	5,096	
	55,079	30,728
Less: Amount due to settlement with 12 months shown		
under current liabilities	(11,042)	(11,838)
Amount due to settlement after 12 months shown under		
non-current liabilities	44,037	18,890

For the year ended 31 December 2021

25. PROVISIONS

	2021 <i>HK\$`000</i>	2020 <i>HK\$`000</i>
Analysed for reporting purposes as:		
Non-current liabilities	2,760	916
		Reinstatement provisions <i>HK\$'000</i>
At 1 April 2020		1,186
Utilisation of provision		(300)
Provision recognised		30
At 31 December 2020		916
Provision recognised		1,844
At 31 December 2021		2,760

26. DEFERRED TAXATION

The following is the deferred tax assets (liabilities) recognised and movements thereon during the year ended 31 December 2021 and the nine months ended 31 December 2020:

	Accelerated accounting depreciation HK\$'000	Accelerated tax depreciation HK\$'000	Total <i>HK\$'000</i>
At 1 April 2020	11	(3,197)	(3,186)
Acquisition of a subsidiary	_	(2,027)	(2,027)
(Charge)/credit to profit or loss	(6)	1,693	1,687
At 31 December 2020	5	(3,531)	(3,526)
Charge to profit or loss	(1)	(1,150)	(1,151)
At 31 December 2021	4	(4,681)	(4,677)

For the purpose of presentation in the consolidated financial statements, the following is the analysis of the deferred taxation:

	2021 <i>HK\$'000</i>	2020 <i>HK\$`000</i>
Deferred tax assets	4	5
Deferred tax liabilities	(4,681)	(3,531)
	(4,677)	(3,526)

The Group has unused estimated tax losses of approximately HK\$79,465,000 (2020: HK\$47,274,000) and deductible temporary differences of HK\$4,455,000 (2020: HK\$7,499,000) available for offset against future profits as at 31 December 2021. The deductible temporary difference of HK\$26,000 (2020: HK\$33,000) as at 31 December 2021 has been recognised as deferred tax assets. No deferred tax asset has been recognised in respect of the entire unused tax losses and deductible temporary differences of HK\$4,429,000 (2020: HK\$7,466,000) as at 31 December 2021 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

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27. PROMISSORY NOTE

On 4 August 2020, the Company and Norenex Limited ("Norenex") 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 year and consider that the carrying value is a reasonable approximation of its fair value.

The promissory note was fully redeemed on 24 March 2021.

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

	HK\$'000
At 1 April 2020	_
Issued during the period	5,000
Interest payable	104
At 31 December 2020	5,104
Interest payable	55
Fully redeemed	(5,159)

For the year ended 31 December 2021

28. SHARE CAPITAL

		As at		As at		
		31 Decemb	31 December 2021		er 2020	
		No. of shares	Amount	No. of shares	Amount	
	Note	'000	HK\$'000	'000	HK\$'000	
Authorised:						
Ordinary shares of						
HK\$0.01 each						
At the beginning of the						
reporting year/period		100,000,000	1,000,000	100,000,000	1,000,000	
At the end of the reporting year/period		100,000,000	1,000,000	100,000,000	1,000,000	
year/period			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 year/period		480,541	4,805	440,000	4,400	
Issue of shares pursuant to						
acquisition of subsidiaries	(a)	_	_	40,541	405	
lssue of shares pursuant to						
the share placing	(b)	49,625	497	_	_	
Issue of shares pursuant to						
the share subscription	(c)	77,625	776	_	_	
At the end of the year/period		607,791	6,078	480,541	4,805	

For the year ended 31 December 2021

28. SHARE CAPITAL (Continued)

Note:

- (a) On 4 August 2020, the Company allotted 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.
- (b) On 4 January 2021, an aggregate of 49,625,000 placing shares have been successfully placed at the placing price of HK\$0.40 per placing share pursuant to the terms and conditions of the placing agreement. Pursuant to the terms of the placing agreement, 2.5% of gross proceeds from the Share Placing have been deducted as the placing commission paid to the placing agents. The placing commission of approximately HK\$497,000 has been paid to placing agents during the year ended 31 December 2021.

The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the placing agents and was determined with reference to the prevailing market rates charged by other placing agents.

(c) On 10 March 2021, an aggregate of 69,625,000 subscription shares have been issued and allotted to the subscribers on at the subscription price of HK\$0.40 per subscription share pursuant to the terms and conditions of the subscription agreement. In addition, on 6 December 2021, an aggregate of 8,000,000 subscription shares have been issued and allotted to the subscribers on at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the subscription share pursuant to the terms and conditions of the subscription agreement.

29. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to the written resolutions of the shareholders passed on 19 April 2018.

Under the Scheme, the Board of Directors (the "Board") may at its discretion offer to any individual who is an employee of the Group (including directors) or any entity in which the Company holds any equity interest and such other persons (the "Participants") in the sole discretion of the Board, has contributed or will contribute to the Group of the options to subscribe for shares in the Company in accordance with the terms of the Scheme and Chapter 23 of the GEM Listing Rules. The principal purposes of the Scheme are to recognise and acknowledge the contributions made by the Participants, to attract skilled and experienced personnel, to incentivise them to remain with the Company and to motivate them to strive for the future development and expansion of the Group. The Scheme commenced on 19 April 2018 and will end on the day immediately prior to the tenth anniversary thereof.

The maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company may not exceed 10% of issued share capital of the Company, or may not exceed a maximum of 30%, should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted under the Scheme where applicable to a director, chief executive, substantial shareholder or management shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive directors who are the prospective grantees in question). In addition, any share options granted to a substantial shareholder or any independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

29. SHARE OPTION SCHEME (Continued)

An option may be exercised in accordance with the terms of the Scheme where applicable at any time during the option period after the option has been granted by the Board. The option period, during which an option may be exercised, is determined by the Board under the Scheme, but may not be later than ten years after the date of the grant of the option. According to the Scheme where applicable, there is no provision requiring a minimum holding period before an option may be exercised. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option under the Scheme where applicable.

The exercise price will be determined by the Board under the Scheme, but may not be less than the higher of (i) the closing price of the Company's shares on GEM of the Stock Exchange on the date of the options granted; (ii) the average of the closing prices of the Company's shares on GEM of the Stock Exchange for the five trading days immediately preceding the date of the options granted; and (iii) the nominal value of the Company's shares.

Pursuant to share option scheme adopted by the Company on 19 April 2018 (the "Share Option Scheme"), 28,428,000 share options (for the nine months ended 31 December 2020: Nil) were granted to eligible participants of the Group during the year ended 31 December 2021.

As at 31 December 2021	Category	Date granted	Exercisable period (both dates inclusive)	Exercise price HK\$/ share	Outstanding as 1 January 2021	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 December 2021
Directors	I	28 January 2021	From 27 July 2021 to 27 January 2031	0.54	_	16,060,000	-	-	16,060,000
Employees	I	28 January 2021	From 27 July 2021 to 27 January 2031	0.54	-	2,444,000	-	(336,000)	2,108,000
Consultant	I	28 January 2021	From 27 July 2021 to 27 January 2031	0.54	-	1,760,000	-	-	1,760,000
Director	II	28 January 2021	From 27 July 2021 to 27 January 2031	0.54	-	3,300,000	-	-	3,300,000
Employees		28 January 2021	From 27 July 2021 to 27 January 2031	0.54	_	4,864,000	-	(580,000)	4,284,000
Employees					_	28,428,000	_	(916,000)	27,512,000

Details of movements in the Company's share options for the year ended 31 December 2021:

The closing price of the Company's shares immediately before 28 January 2021, the date of grant, was HK\$0.54.

During the year ended 31 December 2021, share options were granted on 28 January 2021 to the certain directors of the Company and the certain employees of the Group. The estimated fair values of share options granted on that date is HK\$8,811,000 which was arrived on the basic of valuation carries out by Royson Valuation Advisory Limited, an independent qualified professional valuer not connected to the Group.

29. SHARE OPTION SCHEME (Continued)

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	Category I Directors	Category I Employees	Category I Consultant	Category II Director	Category II Employees
Fair value	0.3187	0.2818	0.2818	0.3250	0.2950
Exercise price	0.54	0.54	0.54	0.54	0.54
Expected volatility	67.85%	67.85%	67.85%	67.85%	67.85%
Expected life (years)	10	10	10	10	10
Risk-free rate	0.63%	0.63%	0.63%	0.63%	0.63%
Expected dividend yield	0%	0%	0%	0%	0%

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the valuer's best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

- Vesting schedule: (i) Category I 100% of the Options will be vested on, and exercisable from, the sixth month of the Date of Grant;
 - Category II 100% of the Options will be vested on, and exercisable from, the third month of the meeting their respective performance target

The equity-settled share-based payments, amounted to approximately HK\$8,048,000, was charged to administrative expenses in profit or loss during the year ended 31 December 2021 (for the nine months ended 31 December 2020: Nil).

30. RETIREMENT BENEFITS SCHEME

Defined contribution plans

The Group joins an ORSO Scheme and a MFP 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 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.

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are both required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount is HK\$1,500 per employee per month.

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31. 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 approximately HK\$38,851,000. The aggregated fair value of identifiable net assets of Cornerstone EV on the acquisition date was approximately HK\$3,771,000. 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:

Consideration for acquisition of a subsidiary	<i>HK\$'000</i> (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	9,771
Property, plant and equipments	3,378
Right of use assets	2,646
Inventories	1,032
Trade and other receivables	160
Utility deposit and prepayments	1,288
Trade and other payables	(4,972)
Accruals and deposit received	(523)
Bank borrowings	(350)
Lease liabilities	(2,699)
Shareholder's loan	(5,000)
Deferred tax liabilities	(2,027)
Total identifiable net assets	3,771
Total consideration:	38,851
Less: Shareholder's loan assumed	(5,000)
Less: Total identifiable net assets	(3,771)
Goodwill on acquisition	30,080
An analysis of cash and cash equivalents included in cash flow	
from investing activities	HK\$'000
Cash and cash equivalents in a subsidiary acquired	1,067
Consideration for acquisition settled in cash	(15,000)
Cash paid on acquisition	13,933

31. BUSINESS COMBINATION (Continued)

The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the Cornerstone EV. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Included in the loss for the nine months ended 31 December 2020 is approximately HK\$10,938,000 attributable to the additional business generated by Conerstone EV. Revenue for the nine months ended 31 December 2020 includes approximately HK\$571,000 generated from Conerstone EV.

32. CAPITAL RISK MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the year ended 31 December 2021 and the nine months ended 31 December 2020.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021 <i>HK\$'000</i>	2020 HK\$'000
Financial assets		
Loans and receivables (including cash and cash		
equivalents)	38,624	48,578
Financial link litica Amounticed cost	(0.222	2/ E1/
Financial liabilities — Amortised cost	40,223	34,514
Lease liabilities	55,079	30,728

Financial risk management objectives and policies

The Group's major financial instruments comprise of contract assets, trade and other receivables, deposits, bank balances and cash, trade and other payables, promissory note, bank borrowings and loan from shareholders. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

For the year ended 31 December 2021

33. FINANCIAL INSTRUMENTS (Continued)

Currency risk

During the year ended 31 December 2021 and the nine months ended 31 December 2020, the Group had a 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 31 December 2021 and 2020, the Group does 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 and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

Interest rate risk

As at 31 December 2021 and 2020, the Group is exposed to fair value interest rate risk in relation to a fixed-rate bank borrowing and lease liabilities (see notes 23 and 24) and also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 21). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings. The Group currently does not have a policy to hedge against the interest rate risk as the management does not expect any significant interest rate risk at the end of each reporting period. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arises.

Credit risk and impairment assessment

The carrying amount of financial assets recognised on the consolidated statement of financial position represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements. The Group's credit risk exposures are primarily attributable to trade and other receivables, deposits, contract assets and bank balances.

Trade receivables and contract assets arising from contracts with customers

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from the management of the Group. The Group limits its exposure to credit risk from trade receivables and contract assets by establishing a maximum payment period of 60 days.

33. FINANCIAL INSTRUMENTS (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

As at 31 December 2021, the Group had concentration of credit risk as approximately 16% (2020: 18%) of the total trade receivables and contract assets was due from the Group's largest customer and approximately 53% (2020: 48%) of the total trade receivables and contract assets was due from the Group's five largest customers.

The Group's customer base consists of a wide range of customers and the trade receivables and contract assets are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and contract assets and recognises loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year ended 31 December 2021 and the nine months ended 31 December 2020.

The Coronavirus Disease 2019 ("COVID-19") has affected the ability of the customers on an individual or collective basis. After the consideration of no significant default history in settlement or recurring overdue records of the customers and the forward-looking factors, the management estimates that the ECL for trade receivables and contract assets is HK\$331,000 (for the nine months ended 31 December 2020: HK\$649,000).

The Group does not hold any collateral over trade receivables as at 31 December 2021 and 2020.

For the year ended 31 December 2021

33. FINANCIAL INSTRUMENTS (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its printing business and electric vehicle charging business because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

Trade receivables

	Average lifetime expected credit loss rate		
	2021		
Current (not past due)	3%	2%	
1-30 days past due	6 %	7%	
31-60 days past due	16%	11%	
61-90 days past due	34%	21%	
More than 90 days past due	63%	62%	

For the year ended 31 December 2021

33. FINANCIAL INSTRUMENTS (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and deposits

The management of the Group considers that the other receivables and deposits have low credit risk based on its strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables and deposits is measured on 12-month ECL and reflects the short maturities of the exposures. In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past three years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables and deposits to be insignificant after taking into account the financial position and credit quality of the counterparties and thus no loss allowance was recognised for the year ended 31 December 2021 and the nine months ended 31 December 2020. There was no change in the estimation techniques or significant assumptions made during the year ended 31 December 2021 and the nine months ended 31 December 2020.

Bank balances

The credit risk for bank balances is considered as not material as such amounts are placed in banks with good reputation.

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit- impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The Group's internal credit risk grading assessment comprises the following categories:

For the year ended 31 December 2021

33. FINANCIAL INSTRUMENTS (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

					2021	2020
					Gross	Gross
		External	Internal		carrying	carrying
	Note	s credit rating	credit rating	12m or lifetime ECL	amount	amount
					HK\$'000	HK\$'000
Trade receivables	20	N/A	Low risk <i>(Note i)</i>	Lifetime ECL — not credit-impaired	3,404	4,530
		N/A	Watch list <i>(Note i)</i>	Lifetime ECL — not credit-impaired	3,716	2,250
		N/A	Doubtful <i>(Note i)</i>	Lifetime ECL — not credit-impaired	1,369	706
Contract assets	19	N/A	Low risk <i>(Note ii)</i>	Lifetime ECL — not credit-impaired	_	434
Other receivables	20	N/A	Low risk <i>(Note ii)</i>	12m ECL	9,846	5,337
Bank balances	21	BBB+ to AA-	N/A	12m ECL	16,550	33,091

Note: (i) The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance of lifetime ECL. The Group determines the ECL on these items by using a provision matrix, grouped by aging of receivables.

During the year ended 31 December 2021, approximately HK\$240,000 net impairment loss allowance (for the nine months ended 31 December 2020: HK\$463,000 net impairment loss allowance) related to trade receivables, approximately HK\$91,000 (for the nine months ended 31 December 2020: HK\$142,000) reversal of impairment loss allowance related to trade receivables was recognised in profit or loss.

For the year ended 31 December 2021

33. FINANCIAL INSTRUMENTS (Continued)

Credit risk and impairment assessment (Continued)

Note: (i) *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000
At 1 April 2020 Changes due to trade receivables recognised at 1 April 2020:	142
Impairment loss recognised	649
Reversal of impairment losses	(142)
Write-offs	(44)
At 31 December 2020	605
Changes due to trade receivables recognised at 1 January 2021:	
Impairment loss recognised	331
Impairment loss reversed	(91)
At 31 December 2021	845

(ii) In determining the ECL of contract assets and other receivables, the Group has taken into account the historical default experience and forward looking information as appropriate. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments and concluded that the ECL on these balances is immaterial.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g. trade receivables) and projected cash flows from operations.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents as well as adequate banking facilities to meet its operation needs at any time.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specially, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

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33. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate	On demand	1-3 months	3 months to 1 year	1-5 years	> 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December								
2021								
Non-derivative								
financial liabilities								
Trade and other								
payables	N/A	-	12,056	-	-	_	12,056	12,056
Bank borrowing	6.60	77	-	_	-	_	77	67
Loan from								
shareholders	N/A	28,100	-	-	-	-	28,100	28,100
Lease liabilities	4.62	-	3,271	10,106	43,586	5,235	62,198	55,079
		28,177	15,327	10,106	43,586	5,235	102,431	95,302
As at 31 December								
2020								
Non-derivative								
financial liabilities								
Trade and other								
payables	N/A	_	29,143	_	_	_	29,143	29,143
Bank borrowing	6.60	311	_	_	_	_	311	267
Promissory note	5.00	_	_	250	5,500	_	5,750	5,104
Lease liabilities	3.92	-	3,350	9,614	20,080	_	33,044	30,728
		311	32,493	9,864	25,580	_	68,248	65,242

For the year ended 31 December 2021

33. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

Bank borrowing with a repayment on demand clause is included in the "Repayable on demand" time band in the above maturity analysis. As at 31 December 2021, the aggregate carrying amount of the bank borrowing was approximately HK\$67,000 (2020: HK\$267,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowing of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreement.

For the purpose of managing liquidity risk, the management of the Group reviews the expected cash flow information of the Group's bank borrowing based on the scheduled repayment dates set out in the bank borrowing agreement as set out in the table below:

	Weighted					
	average				Total	Total
	effective		3 months			carrying
	interest rate	1-3 months	to 1 year	1-5 years	cash flows	amount
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank borrowing:						
As at 31 December 2021	6.60	58	19	-	77	67
As at 31 December 2020	6.60	58	175	78	311	267

Fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discount cash flows analysis.

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 31 December 2021 and 2020.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Loan from shareholders HK\$'000	Total <i>HK\$`000</i>
At 1 April 2020	241	35,655	_	35,896
Financing cash flows (note)	(324)	(7,984)	_	(8,308)
Acquisition of a subsidiary	350	2,699	_	3,049
New lease entered		358		358
At 31 December 2020	267	30,728	_	30,995
Financing cash flows (note)	(200)	(11,806)	28,100	16,094
New lease entered		36,157	_	36,157
At 31 December 2021	67	55,079	28,100	83,246

Note: The financing cash flows represented the net amount of advance from shareholders, repayment of bank borrowings and lease liabilities.

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35. RELATED PARTY TRANSACTIONS

(a) Details of loan from shareholders are as follows:

	Balance			
Name of related parties	2021	2020		
	HK\$'000	HK\$'000		
Loan from shareholders:				
Mr. Wu Jianwei <i>(Note i)</i>	15,000	_		
Mr. Liang Zihao <i>(Note i)</i>	8,500	_		
Mr. Li Man Keung Edwin <i>(Note i)</i>	2,600	_		
Mr. Pan Wenyuan <i>(Note i)</i>	2,000	_		
	28,100	—		

Note:

(i) Mr. Wu Jianwei, Mr. Liang Zihao, Mr. Li Man Keung Edwin and Mr. Pan Wenyuan, who are directors and shareholders of the Group, have entered the loan agreement dated 20 December 2021 with the Group. These balance are unsecured, interest free and repayable on demand.

35. RELATED PARTY TRANSACTIONS (Continued)

(b) In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, the Group had the following related party transactions during year ended 31 December 2021 and the nine months ended 31 December 2020:

		For the	For the
		year	nine months
		ended	ended
		31 December	31 December
Name of related company	Nature of transactions	2021	2020
		HK\$'000	HK\$'000
Cornerstone Wealth	Acquisition of a subsidiary		
(Note (i))		_	10,603
Norenex <i>(Note (ii))</i>	Acquisition of a subsidiary	_	28,248
Norenex <i>(Note (ii))</i>	Interest on promissory note	55	104
Cornerstone Renewable Energy	Management fee		
Limited		_	216

Notes:

- (i) This related company is controlled by Mr. Lau Wai Yan Lawson, an executive director of the Company, during the nine months ended 31 December 2020.
- (ii) This related company is controlled by the Ultimate Controlling Party during the nine months ended 31 December 2020.

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35. RELATED PARTY TRANSACTIONS (Continued)

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

	For the	For the
	year	nine months
	ended	ended
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	10,342	4,817
Contributions to defined contribution retirement		
scheme	194	133
Share-based compensation expenses	6,977	
	17,513	4,950

Further details of the directors' emoluments are set out in note 10 to the consolidated financial statements.

36. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY

Particulars of major subsidiaries of the Company at 31 December 2021 and 2020 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and Date of paid-up share incorporation capital		Attributable equity in of the Group as a 31 December	Principal activities	
				2021	2020	
Directly held Elegance Printing Holding Limited ("Elegance Printing Holding BVI")	The BVI	8 February 2017	United States dollar ("US\$") 11	100%	100%	Investment holding
Elegance Printing Services Holding Limited ("Elegance Printing Services Holding BVI")	The BVI	14 February 2017	US\$11	100%	100%	Investment holding
Qing Heng Investment Limited ("Qing Heng Investment BVI")	The BVI	6 June 2018	US\$1	100%	100%	Investment holding
Indirectly held						
Elegance Printing Company Limited	Hong Kong	15 April 1992	HK\$17,893,428	100%	100%	Provision of printing services
Elegance Finance Printing Services Limited	Hong Kong	15 December 1994	HK\$1,000	100%	100%	Provision of printing services, typesetting services, marketing and media services and investment holding

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Attributable equity int of the Group as at 31 December 2021		Principal activities
Elegance Document Solutions Limited	Hong Kong	31 October 1998	HK\$5,000,000	100%	100%	Sales of paper and accessories, provision of courier services and machineries subletting to group companies
Teamco Translation Limited	Hong Kong	28 November 1997	HK\$1,500,000	100%	100%	Provision of translation services
Cornerstone EV Charging Service Limited	Hong Kong	10 July 2018	HK\$15,007,852	100%	100%	Provision for electric vehicle charging solutions services and sales of electric vehicle charging systems
Elegance Financial Communications Limited*	Hong Kong	7 May 2021	HK\$1,000	75%	_	Provision of printing services, typesetting services

36. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY (Continued)

* Elegance Financial Communications Limited is a non-wholly owned subsidiary which newly incorporated on 7 May 2021. Further details of non-controlling interests are set out in note 37 to the consolidated financial statements.

None of the subsidiaries had issued any debt securities at 31 December 2021 and 2020 or at any time during the reporting year and prior period.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, materially affected the results of the Group or formed a substantial portion of the net assets. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

37. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS

The table shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive expense attributable to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	For the year ended 31 December 2021 <i>HK\$000</i>	For the nine months ended 31 December 2020 <i>HK\$000</i>	2021 <i>HK\$000</i>	2020 <i>HK\$000</i>
Elegance Financial Communications Limited	Hong Kong	25%	_	(635)	_	(635)	_

Summarised financial information in respect of a material subsidiary of the Group that has material non-controlling interests is set out below.

The summarised financial information below represents amounts before intra-group eliminations.

Elegance Financial Communications Limited

	For the year ended 31 December 2021 <i>HK\$'000</i>	
Current assets Current liabilities Equity attributable to the owners of the Company Non-controlling interests	968 (3,506) (1,903) (635)	
Revenue Expenses	836 (3,375)	
Loss and total comprehensive expense for the year/period	(2,539)	
Loss and total comprehensive expense for the year/period attributable to: Owner of the Company Non-controlling interests	(1,904) (635)	
	(2,539)	
Net cash used in operating activities Net cash from investing activities	(2,304) 2,541	
Net cash inflow	237	_

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Pursuant to the Hong Kong Companies Ordinance, the statement of financial position of the Company and the movements in its reserves is set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$`000</i>
Non-current assets		
Investments in subsidiaries	*	*
Amount due from a subsidiary	76,843	
	76,843	_
Current assets		
Amounts due from subsidiaries	46,206	66,744
Other receivables Bank balances	247 5,669	224 14,508
		14,000
	52,122	81,476
Current liabilities		
Other payables	2,891	21,301
Amounts due to subsidiaries Loan from shareholders	69 29 100	5,538
	28,100	
	31,060	26,839
Net current assets	21,062	54,637
Total assets less current liabilities	97,905	54,637
Non-current liability		
Promissory note	-	5,104
NET ASSETS	97,905	49,533
Capital and reserves		
Share capital	6,078	4,805
Reserves	91,827	44,728
TOTAL EQUITY	97,905	49,533

* Represent the amounts less than HK\$1,000.

The statement of financial position was approved and authorised for issue by the Board of Directors on 31 March 2022 and signed on its behalf by

LIANG Zihao Director LI Man Keung Edwin Director

For the year ended 31 December 2021

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share-based Share payments		Accumulated		
	premium	reserve	losses	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2020	52,821	_	(23,223)	29,598	
Loss and total comprehensive expense for the period	_	_	(3,316)	(3,316)	
Issue of shares pursuant to acquisition of a subsidiary	18,446	_		18,446	
At 31 December 2020	71,267		(26,539)	44,728	
Loss and total comprehensive expense for the year	_	-	(11,839)	(11,839)	
Issue of shares pursuant to the Share Placing	18,856	_	_	18,856	
Issue of shares pursuant to the Share Subscription	32,034	_	_	32,034	
Recognition of equity-settled share based payment		8,048		8,048	
At 31 December 2021	122,157	8,048	(38,378)	91,827	

39. EVENTS AFTER THE REPORTING PERIOD

On 30 March 2022, the Group entered into a Green Loan Facility Agreement with Captain Source Limited (the "Lender"), an independent company managed and controlled by Gaw Capital Partners and a green loan advisor, for a term loan facility with a limit of HK\$150,000,000 (the "Loan Facility"). The loans under the Loan Facility will be secured, interest-bearing at 10% per annum and repayable in the eighteenth month from the date of drawdown. Subject to the terms and conditions of the Green Loan Facility Agreement, 1% of nonrefundable arrangement fee on the Loan Facility will be payable to the lender. As at the date of this report, no facility had been drawn down by the Group.

Gaw Capital Partners is a private equity fund management company focusing on real estate and private equity markets in Asia Pacific and other high barrier-to-entry markets globally. Gaw Capital Partners' investments span the entire spectrum of real estate sectors, including carparks, residential development, offices, retail malls, hospitality, logistics warehouses and Internet data centre projects.

In consideration of the granting of the Green Loan Facility by the Lender, the Company entered into the subscription agreements with two of the Lender's group companies, namely Steady Flake Limited ("SFL") and Seed Lock Limited ("SLL"), pursuant to which:

- (a) SFL has conditionally agreed to subscribe 153,000,000 warrants conferring the rights to subscribe for an aggregate of 153,000,000 warrant shares at the initial warrant subscription price of HK\$0.5 per warrant share; and
- (b) SLL has conditionally agreed to subscribe 27,000,000 warrants conferring the rights to subscribe for an aggregate of 27,000,000 warrant shares at the initial warrant subscription price of HK\$0.5 per warrant share.

The initial warrant subscription price above was determined after arm's length negotiations between the Company and the subscribers with reference to the prevailing market price of the shares, current market sentiment, the Group's financial position, the historical share price, liquidity of the shares in the market and the market conditions. The Directors consider that the initial warrant subscription price is fair and reasonable and is in the interests of the Company and the shareholders as a whole.

Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years/period. The financial information for the year ended 31 December 2021 and the nine months ended 31 December 2020/as at 31 December 2021 and 2020 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended/as at 31 March 2020, 2019 and 2018 is extracted from the Prospectus and pervious annual reports.

Results of the Group

	For the	For the nine			
	year	months			
	ended	ended			
	31 December	31 December	For the y	/ear ended 31 M	arch
	2021	2020	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	55,032	40,909	64,278	73,976	80,610
Loss before tax	(60,933)	(32,058)	(17,268)	(7,751)	(7,894)
Income tax (expense)/					
credit	(1,066)	1,587	985	182	(668)
Loss and total comprehensive expense					
for the year/period	(61,999)	(30,471)	(16,283)	(7,569)	(8,562)
Loss and total comprehensive expense for the year/period					
attributable to owners of					
the Company	(61,364)	(30,471)	(16,330)	(7,736)	(8,789)

Assets and liabilities of the Group

	As at 31 December	As at 31 December		As at 31 March	
	2021	2020	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	124,401	89,892	58,780	28,444	34,195
Current assets	45,613	49,571	67,916	88,122	37,911
Total assets	170,014	139,463	126,696	116,566	72,106
Current liabilities	56,868	47,566	21,790	18,670	23,848
Non-current liabilities	51,478	28,441	29,830	5,836	5,700
Net assets	61,668	63,456	75,076	92,060	42,558