To Give Positive Environmental Impact

Annual Report 2023

Cornerstone Technologies Holdings Limited 基石科技控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 8391

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Content

Corporate Information

EXECUTIVE DIRECTORS
Mr. Liang Zihao *(Co-chairman)*
Mr. Li Man Keung Edwin *(Vice Chairman)*
Mr. Yip Shiu Hong *(Note 1)*
Mr. Sam Weng Wa Michael
Mr. Pan Wenyuan
Ms. Wu Yanyan
Mr. Yeung Chun Yue David *(Note 2)*
Mr. Lau Wai Yan Lawson *(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
Mr. Ko Shu Ki Kenneth

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
Mr. Ko Shu Ki Kenneth

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

Note 1: Appointed on 17 May 2023
Note 2: Resigned on 17 May 2023

COMPANY SECRETARY
Mr. Chu Pui Ki Dickson *(CPA)*

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Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT
Conyers Trust Company (Cayman) Limited
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
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AUDITOR
D & PARTNERS CPA LIMITED
Certified Public Accountant
2201, 22/F., West Exchange Tower
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WEBSITE
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Chairman's Statement

On behalf of the board of Directors (the "Board") of Cornerstone Technologies Holdings Limited (the "Company"), it gives me great pleasure to present to you our annual report for the year ended 31 December 2023.

In navigating the dynamic electric vehicle ("EV") industry, our company has demonstrated resilience, innovation, and an unwavering commitment to sustainable mobility. Positioned as pioneers in EV charging services, we take pride in contributing to the global shift towards a cleaner and greener future.

The global shift towards a cleaner and greener future has gained momentum, and as pioneers in the field of EV charging services, we find ourselves at the forefront of this transformative journey. We have achieved remarkable results in the past year, thanks to the dedication and resilience of our team, the loyalty and trust of our customers, and the support and guidance of our stakeholders.

2023 brought about remarkable achievements, a testament to the dedication of our team, the trust of our customers, and the guidance of our stakeholders. Our efforts have expanded our Cornerstone GO charging network to over 97 locations across Hong Kong, as at the end of 2023, we had over 20,000 registered Cornerstone GO members, representing a year on year growth of 207.7% from approximately 6,500 registered members as at the end of 2022. Similarly, our Cornerstone HOME experienced exponential growth, from approximately 200 subscribers as at the end of 2022 to approximately 659 subscribers as at the end of 2023. As at 28 March 2024, Cornerstone had a total of 26,008 Cornerstone GO members and 704 Cornerstone HOME subscribers.

As at 31 December 2023, Cornerstone generated revenues of HK$39.1 million and HK$31.4 million from EHSS and sales of electric vehicle charging systems respectively, representing increases of 339.3% and 48.8% as compared to the same period in 2022. Despite the increase in government approvals of EHSS projects in 2023, the pace of approvals still lags behind the government's 5-year plan. We expect the pace of approvals to accelerate in 2024 and revenues to pick up significantly as we continue to embark on these opportunities. In 2023, Cornerstone had the opportunity to assist large and reputable customers such as Sinopec, Sun Hung Kai, MTR, Wilson Parking, KMB, Hyundai and BMW by selling customized products and solutions for their EV charging projects. Cornerstone will continue to expand on these existing accounts and further capture new opportunities as the demand for EV charging solutions continues to increase.

We have also diversified our business portfolio by introducing Cornerstone BUSINESS, a new venture focused on electric commercial vehicles (E-CVs). This segment is tailored to drivers who rely on transportation income. Cornerstone BUSINESS offers a comprehensive ecosystem, enabling drivers to secure orders through logistics companies, rent E-CVs, and access EV charging facilities along their routes. As pioneers in this space, we have formed our sub-brands Cornerstone eC-van. These vehicles are available for leasing, provides drivers with an all-in-one solution for transportation needs, including charging and parking.

Cornerstone has achieved a significant milestone in its international expansion, with the recent partnership with Bangchak Corporation Public Company Limited ("BCP"), the largest gas company in Thailand. The collaboration will involve the installation and operation of EV charging stations under the brand Spark at all of BCP's approximately 2,200 gas stations across Thailand. Cornerstone plans to strategically deploy its EV charging stations in phases, aiming to complete the first 250 stations by mid-2025. This partnership signifies a key achievement for Cornerstone in its global expansion endeavors and highlights the company's expertise and capabilities within the industry and recognition as a leading EV charging service provider in Asia.

Our financial performance of the EV charging business in the past year has been outstanding, reflecting our strong growth. Our revenue increased by 145.6% to HK$78.1 million, while our gross profit surged by 343.8% to HK$14.2 million.

During the year, we made the strategic decision to divest the financial printing business. The continuous losses incurred by this segment in recent years, coupled with uncertainties in the future of the financial market in Hong Kong, prompted this move. Concurrently, the Group is committed to channeling resources into the development of the electric vehicle charging business. The disposal is seen as a means to mitigate losses and redirect the Group's resources from the underperforming financial printing segment to the growing, more stable and sustainable electric vehicle charging business.

Looking ahead, we are optimistic about the growth potential of the EV market in Hong Kong and beyond. The government continues to support the industry with various policies and incentives to promote the adoption of EVs, such as expanding the EV charging infrastructure, waiving the first registration tax, and phasing out fossil fuel vehicles.

In 2024, the electric vehicle market in Hong Kong is expected to continue growing, driven by government incentives and increasing environmental awareness among consumers. The trend in sales of EVs is predicted to be on the rise, as more companies and individuals opt for cleaner and more sustainable transportation options.

Popular EV brands in Hong Kong such as Tesla, BYD, BMW, Mercedez Benz, KIA, Hyundai, Maxus and M.G. These brands have seen significant growth in sales in recent years and have shifted their focus on the sales volume and market share of EVs.

In comparison to other countries or regions, Hong Kong has one of the highest EV penetration rates globally. One emerging trend in the Hong Kong market is the adoption of electric commercial vehicles, such as vans, buses, trucks, and taxis. As companies strive to reduce their carbon footprint and comply with stricter emissions regulations, there is a growing demand for electric commercial vehicles in the market. This trend is expected to continue in the coming years, with more companies transitioning to electric fleets for their transportation needs.

We have signed a Memorandum of Understanding ("MOU") to form a joint venture company to deploy EV charging stations at up to 2,200 gas stations throughout Thailand. This significant milestone marks a pivotal achievement for Cornerstone as we expand our operations overseas. The initiative is poised to unlock numerous opportunities, enhance our geographical reach, and allow us to leverage emerging prospects in the EV market.

We will continue to pursue our vision of making EV charging accessible, affordable, and sustainable for everyone. We will extend our reach beyond Hong Kong and initiate efforts to establish a presence in the Southeast Asian markets, encompassing Thailand, Cambodia, Indonesia and Malaysia. Although these markets are in the early stages of EV adoption, they offer substantial growth potential for the company. With their sizable car-owning populations and stakeholders expressing a keen interest in partnering with an experienced technology provider, there exists a significant opportunity for our company to play a pivotal role in accelerating the EV charging infrastructure development in these regions. We are confident that the overseas markets will serve as another crucial growth engine for the company in the forthcoming years.

We are grateful for your continued support and trust in Cornerstone Technologies Holding Limited. We are committed to creating value for our shareholders, customers, employees, and society. We look forward to working with you to achieve our common goals and to make a positive impact on the environment and the future of mobility.

Yours sincerely,

Co-Chairman
Liang Zihao

Hong Kong, 28 March 2024


Electric vehicles have
ZERO tailpipe
emissions

Significantly reducing the carbon footprint of the transport sector

Management Discussion and Analysis

BUSINESS REVIEW

Continuing Operations

Electric vehicle charging business

2023 was a very strong year for the EV charging industry in Hong Kong as well as in countries all across Asia, as more and more consumers choose EVs over conventional cars. Automakers are also investing heavily in EV technology and offering a range of EV models to suit different needs and preferences. In 2023, EV sales hit a record high and made up more than 65% of new car sales in Hong Kong. The Hong Kong government has been supporting the industry by implementing various policies to encourage EV adoption. This has led to a surge in demand for EV charging infrastructure, which creates a large market opportunity for the industry and for Cornerstone. In order to capitalize on each opportunity, the Company has entered in a green facility agreement with Abax Asian Structured Private Credit Fund 2022, LP, securing a funding commitment of US$20 million to facilitate the Company's expansion.

The Hong Kong Government has launched the EV-charging at Home Subsidy Scheme (EHSS) with a total budget of HK$3.5 billion to subsidize the installation of EV charging-enabling infrastructure in car parks of existing private residential buildings in Hong Kong. This scheme enables EV owners to install EV chargers at their residential car parks. Cornerstone secured a total of nine new EHSS projects in 2023, and was among one of the major players in the EHSS market.

Cornerstone intends to further expand its Cornerstone HOME model and invest more in the infrastructure of private residential car parks, providing monthly subscription services tailored for EV owners. For the Year, Cornerstone signed exclusive EV charging projects in 37 residential car parks in Hong Kong. The total number of parking spaces under exclusivity exceeded 13,000. The total number of subscribers at the end of 2023 reached 659.

As at 31 December 2023, Cornerstone GO has a network of more than 97 parking facilities, covering 1,500 parking spaces in all 18 Districts in Hong Kong and establishing a significant market footprint. As at 31 December 2023, Cornerstone GO recorded approximately 20,000 members. Our partnership with The Link entails a gradual introduction of Cornerstone GO EV charging stations across 33 car parks. Cornerstone also expanded its public charging network by securing operational rights for EV charging from the Hong Kong Government. In December 2023, Cornerstone was officially awarded the operational rights from the Hong Kong Government for providing charging services at 27 EV charging stations, equipped with a total of 827 AC chargers. All these chargers will be integrated into the Cornerstone GO network during the first quarter of 2024. This achievement marks an important milestone for Cornerstone as the first private operator selected by the Hong Kong Government for marketing charging services of the EV charging stations.

Cornerstone Technologies makes EV-Charging Accessible

In May 2023, recognizing the potential in the electric commercial vehicles market, we launched Cornerstone BUSINESS, a dedicated initiative targeting electric commercial vehicles (E-CVs). This endeavor is specifically designed for drivers dependent on transportation earnings. Cornerstone BUSINESS offers an inclusive ecosystem, enabling drivers to secure orders through logistics companies, rent E-CVs, and access EV charging facilities along their routes. Pioneering this niche, we have introduced our sub-brands, eC-Van and eC-Taxi, which will be available for leasing. This comprehensive solution provides drivers with an all-in-one package for their transportation needs, encompassing charging and parking services.

Our Group has also actively allocated resources to seize overseas opportunities. Our revenue from global business operations increased from HK$19,000 for the year ended 31 December 2022 to HK$3.6 million for the Year.

As a result of the significant increase in each of the segments of the EV charging business, our revenue more than doubled from HK$31.8 million in 2022 to HK$78.1 million in 2023. Our consolidated adjusted LBITDA (after excluding some non-cash or non-recurring items) dropped by 5.2%, from HK$46.5 million in 2022 to HK$44.1 million in 2023.

Discontinued Operations

Printing business

On 15 August 2023, the Company entered into an agreement to dispose of 100% equity interests in two of its subsidiaries principally engaging in the provision of printing, typesetting and translation services (the "Disposal").

Owing to the intensive peer competition in the financial printing services industry and the fluctuating market condition, the financial results of the printing business deteriorated and a loss is recorded for the years ended 31 December 2021 and 2022 and the six months ended 30 June 2023. As the Group's financial printing business has been continuously loss-making for the past years together with the uncertainties of the future of the financial market in Hong Kong, while the Group has established the electric vehicle charging business, the Directors consider that the Disposal would allow the Group to reduce losses and to deploy the Group's resources from the underperforming financial printing business to electric vehicle charging business.

Completion of the Disposal took place on 31 December 2023. Upon completion of the Disposal, the Group will no longer have remaining business in the printing business.

OUTLOOK

We aim to become a leading player in the EV charging industry by taking advantage of the emerging opportunities. We are committed to optimizing the various revenue-generation models that support our commercial operations.

In the residential EV charging segment, we are dedicated to enhancing convenience for our customers. We will continue to allocate resources to EV charging in residential parking areas, leveraging EHSS potential and forming strategic partnerships with property developers and Owners' Corporations in Hong Kong to expand Cornerstone HOME.

In the public charging segment, Cornerstone GO plays a key role, with our dedication to expanding the charging point network and making it the preferred platform for all EV drivers in Hong Kong. We are working to improve the platform's functionalities to provide an accessible and user-friendly experience. This enables users to easily locate, navigate, reserve, and pay for EV charging while earning loyalty credits for wider use within the EV charging ecosystem.

In the commercial segment, Cornerstone BUSINESS, will continue offering electric vans for lease. We expect to also initially pilot run and launch the leasing of electric bike, and gradually explore this business model with other commercial vehicles.

Several regions across Asia are in the early stages of developing their EV charging infrastructure due to the rapid adoption of EVs. Expecting the introduction of incentives and favorable policies, our Group is ready to allocate resources to seize these opportunities. Building on successful ventures in Cambodia, Thailand, Malaysia and

Indonesia, we will also continue to explore opportunities in new markets across Asia. We see high potential in Thailand and have recently secured a local collaboration to roll out EV charging stations in up to 2,200 gas stations across Thailand. This is a milestone achievement for Cornerstone in its overseas expansion efforts and will undoubtedly attract many more opportunities and increase our geographical coverage and capitalize on emerging opportunities.

FINANCIAL REVIEW

Continuing Operations

Revenue

During the year ended 31 December 2023 (the "Year"), the Company and its subsidiaries (collectively the "Group") generated revenue from the electric vehicle charging business, which can be classified into (i) provision of installation service income for installation of electric vehicle charging-enabling infrastructure; (ii) sales of electric vehicle charging systems to local and oversea customers; (iii) electric vehicle charging income (previously known as "Subscription fee income"); and (iv) maintenance income and rental income.

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

	Year ended 31 December	
	2023	2022
Revenue	***HK$'000***	*HK$'000*
Provision of installation service income	**39,145**	8,937
Sales of electric vehicle charging systems	**31,402**	21,136
– Local customers	**27,784**	21,117
– Overseas customers	**3,618**	19
Electric vehicle charging income (previously known as "Subscription fee income")	**5,602**	1,434
Maintenance income and rental income	**1,983**	320
Total	**78,132**	31,827

Our revenue increased by approximately HK$46.3 million or 145.6%, from approximately HK$31.8 million for the year ended 31 December 2022 to approximately HK$78.1 million for the Year. As illustrated in the table above, the increase in revenue was the result of significant increases from all service categories and was mainly driven by an increase in provision of installation service income of approximately HK$30.2 million and sales of electric vehicle charging systems of approximately HK$10.3 million. Revenue derived from each of the service categories are analyzed as below:

Provision of installation service income

Revenue from provision of installation service income increased by approximately 339.3%, from approximately HK$8.9 million for the year ended 31 December 2022 to approximately HK$39.1 million for the Year. Such increase was primarily attributable to the increased number of projects awarded under EHSS. During the Year, Cornerstone was awarded nine new projects, collectively comprising a total of approximately 1,300 car parking spaces.

Sales of electric vehicle charging systems

Revenue from sales of electric vehicle charging systems increased by approximately 48.8%, from approximately HK$21.1 million for the year ended 31 December 2022 to approximately HK$31.4 million for the Year. Such increase was mainly attributable to an increase in the number of customers and an increase in the sales orders for electric vehicle charging solutions to new and existing customers. During the Year, the major customers that the Company sold EV charging hardware and software to include but not limited to local property developers, a Chinese oil refiner and petrochemical producer, bus company and manufacturers of luxury vehicles.

Electric vehicle charging income (previously known as "Subscription fee income")

Revenue from electric vehicle charging income increased significantly by approximately 300%, from approximately HK$1.4 million for the year ended 31 December 2022 to approximately HK$5.6 million for the Year. Such increase was primarily attributable to an increase in the number of users under its public membership and private subscription plans during the Year as compared to the year ended 31 December 2022. During the Year, charging income generated from public memberships amounted to HK$2.3 million and income generated from private subscriptions amounted to HK$3.3 million.

Maintenance income and rental income

Revenue from maintenance income and rental income increased by approximately 525.0%, from approximately HK$320,000 for the year ended 31 December 2022 to approximately HK$2.0 million for the Year. Such increase was primarily attributable to the proportionate increase in the number of electric vehicle chargers installed by the Group and the initiation of the Cornerstone BUSINESS in May 2023 which contributed EV rental income of approximately HK$199,000 during the Year.

Cost of services

Our cost of services mainly comprises cost of raw materials, electricity and overheads. Cost of services increased by approximately 123.4%, from approximately HK$28.6 million for the year ended 31 December 2022 to approximately HK$63.9 million for the Year. Such increase was generally in line with the increase in revenue during the Year.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK$14.2 million (2022: approximately HK$3.2 million) and a gross profit margin of approximately 18.2% for the Year (2022: approximately 10.2%). The increase in gross profit margin was mainly due to an increase in higher margin sales of electric vehicle charging solutions to local and overseas customers, and substantial increase in electric vehicle charging income arising from the accelerated increase in private subscriptions and public memberships.

Other income

Our other income mainly represents government subsidies, interest income and sundry income. Other income decreased from approximately HK$1.8 million for the year ended 31 December 2022 to approximately HK$553,000 for the Year, primarily attributable to the absence of wage subsidies granted from the Employment Support Scheme under Anti-Epidemic Fund of the Hong Kong Government.

Administrative and other operating expenses

Our administrative and other operating expenses primarily comprise staff costs and benefits for our administrative staff, rental and rates, depreciation, office expenses, directors' remuneration, repairs and maintenance of our office premises, IT maintenance and others. Administrative and other operating expenses increased by approximately 23.3%, from approximately HK$55.9 million for the year ended 31 December 2022 to approximately HK$68.9 million for the Year. Such increase was primarily due to an increase in staff costs resulting from the expansion of the overall electric vehicle charging business.

Gain on disposal of subsidiaries

During the Year, the Company has disposed 100% equity interests in two of its subsidiaries principally engaging in the provision of printing, typesetting and translation services, for a cash consideration of HK$1. The disposal has been completed on 31 December 2023, resulting in a gain on disposal of subsidiaries of approximately HK$28.6 million.

Share-based payment expenses

Our share-based payment expenses represent equity-settled share-based payments relating to share options and warrants granted by the Company. Share-based payment expenses increased from approximately HK$77.5 million for the year ended 31 December 2022 to approximately HK$77.6 million for the Year. The share-based payment expenses were primarily due to issue of warrants during the Year.

Research and development expenses

Our research and development expenses mainly include staff costs, office rental and other material costs incurred for our projects. Research and development expenses for the Year and the year ended 31 December 2022 were approximately HK$1.0 million and HK$1.8 million respectively.

Finance costs

Our finance costs mainly represent interests on borrowings and lease liabilities. Finance costs increased by approximately 14.3%, from approximately HK$2.1 million for the year ended 31 December 2022 to approximately HK$2.4 million for the Year, mainly attributable to the increase in interest expenses incurred on borrowings drawn under the green loan facility.

For details of the green loan facility, please refer to the paragraph headed "GREEN FACILITY AGREEMENT AND ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE" in this section.

Income tax credit

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

For the Year, the assessable profits of one of the Hong Kong incorporated subsidiaries 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 million of assessable profits will be taxed at 8.25% and assessable profits above HK$2 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 (2022: 16.5%). For the Year and the year ended 31 December 2022, the Group recorded an income tax credit of approximately HK$172,000 and HK$2.3 million respectively.

Result for the Year

As a result of the foregoing, the Group recorded a loss of approximately HK$106.4 million from continuing operations for the Year (2022: approximately HK$130.0 million).

Non-HKFRS measures

To supplement our consolidated financial statements, which are presented in accordance with the Hong Kong Financial Reporting Standards (the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants, the Company also assesses the operating performance based on a measure of adjusted loss before interest, tax, depreciation and amortization (the "LBITDA") as additional financial measures. By means of these financial measures, the management of the Group is able to evaluate their financial performance regardless of the items they do not consider indicative of the operating performance of their business.

LBITDA and Adjusted LBITDA for continuing operations

During the Year, the Group incurred some one-off expenses, which are not indicative of the operating performance of the business for the Year. Therefore, the Group arrives at an adjusted LBITDA (the "Adjusted LBITDA") for continuing operations by eliminating the effects of certain non-cash or non-recurring items of the Group, including (i) share-based payment expenses; (ii) gain on disposal of the discontinued operations; (iii) depreciation of property, plant and equipment; (iv) depreciation of right-of-use assets; (v) amortization of intangible assets (vi) finance costs; (vii) provision for impairment of trade receivables; (viii) other income and (ix) income tax credit.

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Loss for the year	**(106,406)**	(129,976)
Share-based payment expenses	**77,606**	77,472
Gain on disposal of the discontinued operations/a subsidiary	**(28,601)**	–*
Depreciation of property, plant and equipment	**4,727**	2,262
Depreciation of right-of-use assets	**2,912**	3,282
Amortization of intangible assets	**3,029**	2,130
Finance costs	**2,441**	2,097
Provision for impairment of trade receivables	**890**	290
Other income	**(553)**	(1,812)
Income tax credit	**(172)**	(2,266)
Adjusted LBITDA	**(44,127)**	(46,521)

* *Represent the amount less than HK$1,000.*

As a result of the foregoing, the Group's Adjusted LBITDA decreased by approximately 5.2%, from approximately HK$46.5 million for the year ended 31 December 2022 to approximately HK$44.1 million for the Year.

Discontinued Operations

The Group recorded a loss of approximately HK$18.0 million from discontinued operations for the Year compared to a loss of approximately HK$31.2 million for the year ended 31 December 2022, which was mainly due to an improvement in gross profit margin and a decrease in administrative and other operating expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Bank and other borrowings and lease liabilities of the Group amounted to approximately HK$65.8 million as at 31 December 2023 (31 December 2022: approximately HK$62.9 million). Details of the Group's bank and other borrowings and lease liabilities are set out in notes 24 and 25 respectively.

The Group's debt to equity ratio, which is calculated based on the net debt (all borrowings, including bank and other borrowings and lease liabilities, net of cash and cash equivalents) divided by the total equity as at the year end and multiplied by 100%, was approximately 40.2% as at 31 December 2023 (31 December 2022: approximately 103.0%). The Group's current ratio, which is calculated based on the total current assets divided by the total current liabilities as at the year end, was approximately 2.3 times as at 31 December 2023 (31 December 2022: approximately 0.6 times).

The Group's gearing ratio, which is calculated based on all borrowings (including bank and other borrowings and lease liabilities) divided by the total equity as at the year end and multiplied by 100%, was approximately 62.4% as at 31 December 2023 (31 December 2022: approximately 123.7%).

The Group recorded net current assets of approximately HK$53.7 million as at 31 December 2023 (31 December 2022: net current liabilities of approximately HK$35.1 million). The change from net current liabilities as at 31 December 2022 to net current assets as at 31 December 2023 was primarily due to increase in trade and other receivables, prepayments and deposits coupled with decrease in borrowings under current liabilities. During the Year, the Group's operations were financed principally by revenue generated from its business operations, fund-raising activities such as subscription of shares, available cash and bank balances and borrowings. As at 31 December 2023, the Group had cash and bank balances of approximately HK$23.4 million (31 December 2022: approximately HK$10.5 million). The Board will continue to follow a prudent treasury policy in managing its cash and bank 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 2023, the Group did not have any significant contingent liabilities (31 December 2022: nil).

CAPITAL COMMITMENTS

As at 31 December 2023, the Group did not have significant capital commitments contracted but not provided for (31 December 2022: nil).

CHARGE ON ASSETS

As at 31 December 2023, property, plant and equipment, contract assets, trade and other receivables, prepayments and deposits and bank balances of the Group with aggregate carrying value of approximately HK$134.0 million (2022: bank balances of approximately HK$2.3 million) were pledged as security for the Group's borrowings. Besides, equity interests of certain of the Company's subsidiaries were pledged to secure the Group's green loan facilities.

EXCHANGE RATE EXPOSURE

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

As at 31 December 2023 and 2022, 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

During the Year, the Group did not have any significant investments (2022: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plans for material investments and capital assets as at 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Except as disclosed in the paragraph headed "MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL" below, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the Year.

SUBSCRIPTION OF 20,000,000 NEW SHARES BY CONNECTED PERSON UNDER SPECIFIC MANDATE (THE "1ST SUBSCRIPTION")

On 2 September 2022, the Company and Ms. Wu Yanyan ("Ms. Wu"), an executive Director, entered into a subscription agreement (the "1st Subscription Agreement"), pursuant to which Ms. Wu has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 20,000,000 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 1st Subscription Agreement was HK$0.59.

The 1st Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

Completion of the 1st Subscription took place on 6 March 2023 upon which an aggregate of 20,000,000 subscription shares, with a total nominal value of HK$200,000, had been issued and allotted to Ms. Wu at the subscription price of HK$0.62 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 22 February 2023. The reason for issuing the subscription shares was that it would bring additional working capital and immediate funding for the Company's operations in the near future.

The gross proceeds and net proceeds from the 1st Subscription were approximately HK$12.4 million and HK$12.2 million respectively and the net issue price was approximately HK$0.61 per subscription share. The net proceeds were applied to further develop the Group's electric vehicle charging business.

For details of the 1st Subscription, please refer to the announcements of the Company dated 5 September 2022 and 22 December 2022, and the circular of the Company dated 2 February 2023.

SUBSCRIPTIONS OF 35,200,000 NEW SHARES BY CONNECTED PERSONS UNDER SPECIFIC MANDATE (THE "2ND SUBSCRIPTION")

On 7 December 2022, the Company and Mr. Wu Jianwei, Ms. Wu, Mr. Liang Zihao and Mr. Li Man Keung Edwin (the "Subscribers"), who are either an executive Director or a non-executive Director, entered into a subscription agreement (the "2nd 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 35,200,000 new ordinary shares at the subscription price of HK$1.144 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$2.59.

The 2nd Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

Completion of the 2nd Subscription took place on 30 May 2023 upon which an aggregate of 35,200,000 subscription shares, with a total nominal value of HK$352,000, had been issued and allotted to the Subscribers at the subscription price of HK$1.144 per subscription share pursuant to the terms and conditions of the 2nd 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 19 April 2023. The reason for issuing the subscription shares was that it would bring additional working capital and immediate funding for the Company's operations in the near future.

The gross proceeds and net proceeds from the 2nd Subscription were approximately HK$40.3 million and HK$40.1 million respectively and the net issue price was approximately HK$1.139 per subscription share. The net proceeds will be applied to further develop the Group's electric vehicle charging business.

For details of the 2nd Subscription, please refer to the announcements of the Company dated 7 December 2022, 18 January 2023 and 23 March 2023, and the circular of the Company dated 28 March 2023.

GREEN FACILITY AGREEMENT AND ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

On 31 August 2023, the Company as borrower, Abax Asian Structured Private Credit Fund 2022, LP as lender (the "Lender"), and among other parties, entered into a green facility agreement (the "Green Facility Agreement"), pursuant to which the Lender agreed to grant a secured green term loan facility (the "Green Loan Facility") in an aggregate amount of up to US$20 million to the Company.

The Lender is one of the funds managed by ABAX GLOBAL CAPITAL (HONG KONG) LIMITED ("Abax"). Abax is an alternative investment manager founded in 2007 and headquartered in Hong Kong with offices in the PRC and Southeast Asia. Abax manages a multi-strategy investment platform with a focus on financing mid-market companies in Asia, with Greater China in particular, across two primary strategies: Asian Private Structured Credit and RMB Private Equity. Abax's investment strategy is to provide growth capital in the form of structured private credit to profitable and growing middle-market companies in developing Asian countries. Abax is a signatory to the United Nation's Principles of Responsible Investing and takes into account ESG risks and opportunities in making investment decisions and throughout the ownership period of an investment.

The Company intends to use the proceeds of the green loan drawn under the Green Loan Facility (the "Green Loan") in the following manner:

(i) approximately 80% for financing the production and deployment of EV chargers, EV charging infrastructure, trade projects and EHSS projects;

(ii) approximately 10% for financing the eTaxi/eVan business expansion; and

(iii) approximately 10% for financing the general working capital of the Group for EV charging related business.

The rate of interest on each Green Loan shall be constituted of (i) a fixed margin of 2.75% per annum; and (ii) the term Secured Overnight Financing Rate (SOFR) as of the specified time and for a period equal in length to the interest period of the relevant Green Loan, which is published by CME Group, one of the world's leading derivatives marketplaces. The repayment date of each Green Loan shall be the date falling 36 months after the utilisation of such Green Loan.

In consideration of the granting of the Green Loan Facility by the Lender to the Company, on 31 August 2023, the Company entered into a warrant subscription agreement with the Lender as subscriber (the "Subscriber"), pursuant to which the Company agreed to issue to the Subscriber an aggregate of 100,000,000 warrants (the "Warrants") conferring the rights to subscribe for an aggregate of 100,000,000 new shares (the "Warrant Shares") at a subscription price of HK$0.80 per Warrant Share (subject to adjustment).

The subscription rights attached to the Warrants will be exercisable within 5 years from the date of issue of the Warrants. The aggregate number of Warrant Shares to be issued will be 100,000,000 Shares and the Warrant Shares will be issued under the specific mandate sought at the extraordinary general meeting of the Company held on 11 October 2023.

On 16 October 2023, 100,000,000 Warrants were issued by the Company to the Lender.

For details of the above, please refer to the announcements of the Company dated 31 August 2023, 12 September 2023 and 19 September 2023, and the circular of the Company dated 21 September 2023.

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL

On 15 August 2023, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Castle Noble International Limited (the "Purchaser"), pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 100% equity interest in Elegance Printing Holding Limited and Elegance Printing Services Holding Limited (the "Target Companies"), at a consideration of HK$1.00, in accordance with the terms and conditions of the Sale and Purchase Agreement (the "Disposal"). The Target Companies and their subsidiaries (the "Target Group") are principally engaged in the provision of printing, typesetting and translation services in Hong Kong.

As the Group's financial printing business has been continuously loss-making for the past years together with the uncertainties of the future of the financial market in Hong Kong, while the Group has established the electric vehicle charging business, the Directors consider that the Disposal allows the Company to reduce losses and to deploy the Group's resources from the underperforming financial printing business to the Group's electric vehicle charging business.

The entering into of the Sale and Purchase Agreement constitutes a major and connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the GEM Listing Rules.

Completion of the Disposal took place on 31 December 2023, following which the Target Companies will cease to be subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

For details of the Disposal, please refer to the announcement of the Company dated 15 August 2023 and the circular of the Company dated 22 November 2023.

SUBSCRIPTION OF 19,516,000 NEW SHARES BY CONNECTED PERSON UNDER SPECIFIC MANDATE (THE "3RD SUBSCRIPTION")

On 22 December 2023, the Company and Mr. Wu Jianwei ("Mr. Wu"), a non-executive Director, entered into a subscription agreement (the "3rd Subscription Agreement"), pursuant to which Mr. Wu has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 19,516,000 new ordinary shares at the subscription price of HK$0.82 per subscription share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the 3rd Subscription Agreement was HK$0.70. The Company intends to apply the net proceeds from the 3rd Subscription, which would amount to approximately HK$15.7 million, to further develop the Group's electric vehicle charging business.

The 3rd Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

The subscription shares will be issued and allotted pursuant to the specific mandate approved by the independent shareholders at the Company's extraordinary general meeting held on 15 March 2024. 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 of the Company dated 22 December 2023 and the circular of the Company dated 26 February 2024.

USE OF PROCEEDS

The following table sets forth the status of net proceeds from the fund-raising activities of the Company completed during the Year. There were no unutilised net proceeds brought forward as at 1 January 2023.

Fund-raising activity	Date of completion	Net proceeds raised (approximate)	Intended use of net proceeds	Actual use of net proceeds during the Year	Balance of net proceeds as at 31 December 2023
The 1st Subscription	6 March 2023	HK$12.2 million	– 80% for electric vehicle charging business development – 10% for upgrade and acquisition of new equipment, hardware and software – 10% for general corporate purposes	Fully utilised in accordance with the intended use	Nil
The 2nd Subscription	30 May 2023	HK$40.1 million	– 80% for electric vehicle charging business development – 10% for upgrade and acquisition of new equipment, hardware and software – 10% for general corporate purposes	Fully utilised in accordance with the intended use	Nil

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Liang Zihao（梁子豪）("Mr. Liang"), aged 42, 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 32, 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 56, 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. He has been an executive director and the chairman of Hatcher Group Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8365) since 25 January 2022.

* *For identification purposes only*

Mr. Yip Shiu Hong（葉兆康）("Mr. Yip"), aged 47, is currently the Chief Executive Officer of our Group. Mr. Yip is primarily responsible for carrying out executive functions including day-to-day business and operations management of the Group. Mr. Yip graduated from Keble College of the University of Oxford in 2000 with a Master's degree in Engineering and Computer Science.

Mr. Yip has over 10 years of top management experience. Prior to joining the Group, Mr. 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. 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. 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. Pan Wenyuan ("Mr. Pan"), aged 40, 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.

Ms. Wu Yanyan（吳燕燕）("Ms. Wu"), aged 45, graduated from the University of Bradford with a bachelor of Science Business and Management. She has over 15 years of experience in management and operation. She is currently a director of Guangdong Dongheng Furniture Group Co., Ltd.*（廣東東恒家具集團有限公司）, Lecong Oriential International Home Furnishing Exhibition Center Co., Ltd.*（樂從鎮之東方國際家居匯展中心有限公司）, Guangdong Foshan Changhe Real Estate Co., Ltd.*（廣東省佛山市長河房產有限公司）, Guangdong Foshan Lecong International Convention and Exhibition Center Co., Ltd.*（廣東省佛山市樂從國際會展中心有限公司）, Guangdong Foshan Lecong Oriental Craftsman Furniture Co., Ltd.*（廣東省佛山市樂從東方名匠家具有限公司）and Guangdong Foshan Zhengye Trading Co., Ltd.*（廣東省佛山正業貿易有限公司）. In addition, she is the director of Singapore Chang He Holdings Pte Ltd, Singapore Chang Yuan Investments Pte Ltd, Singapore Hong Ri Investments Pte Ltd and Singapore Scott's Investments Pte Ltd.

Ms. Wu is the elder sister of Mr. Wu Jianwei, the non-executive Director.

NON-EXECUTIVE DIRECTOR

Mr. Wu Jianwei (吳健威) ("Mr. Wu"), aged 42, 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.

Mr. Wu is the younger brother of Ms. Wu, the executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Ka Hei Raymond (譚家熙) ("Mr. Tam"), aged 43, 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 non-executive 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 45, 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 (now known as Bradaverse Education (Int'l) Investments Group 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 29, 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.

Mr. Ko Shu Ki Kenneth (高樹基) **("Mr. Ko")**, aged 44, obtained his Master of Business Administration degree from University of Sunderland in November 2022. He has extensive working experience in business management and development for over 15 years. He is recently a senior manager of Microware Limited, a member of Microware Group Limited (stock code: 1985), the issued shares of which are listed on the Main Board of the Stock Exchange, he is primarily responsible for formulating and leading the sales and marketing strategies.

SENIOR MANAGEMENT

Mr. Ng Sze Chun (吳思駿) ("Mr. Ng"), aged 38, is currently the Chief Operating Officer of our Group since 7 January 2022. Mr. 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. 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. Hutchison (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. 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. Ho Karl (何家豪) ("Mr. Ho"), aged 43, is currently the Chief Financial Officer of our Group since 3 October 2022. Mr. Ho is primarily responsible for overseeing all financial aspects of the organization. This includes managing the Company's financial planning, budgeting, reporting and fundraising. Mr. Ho also plays a key role in strategic decision making and providing financial and capital market guidance to the CEO and Board of Directors. He is also responsible for ensuring compliance with financial regulations and reporting requirements, as well as managing relationships with investors and financial institutions. Mr. Karl Ho graduated from The University of Toronto. He started off his career at various bulge bracket investment banks including HSBC, Goldman Sachs and Credit Suisse where he was responsible for the origination and execution of IPOs and M&As for companies in various industries and geographies including real estate, financial institutions, retail and energy in regions such as Hong Kong, China and parts of Southeast Asia. Subsequently, he took on the role as Head of Investor Relations and Corporate Finance at China Resources Power (836.HK) as well as at Novotech Health Holdings where he played a critical role in strategies and value creation planning, capital raising, formulating the investment story, managing the expectations of the investment community such as institutional investors and sell-side equity research analysts, as well as identification, screening, and execution of acquisition projects.

Mr. Chung Wai Tjong (鍾偉聰) ("Mr. Chung"), aged 53, 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 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. Kwan"), aged 38, is currently the Head of Sales and Business Development of EV charging business since 1 December 2021. Mr. 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. 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. 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 39, 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. He is currently serving as the company secretary and providing professional corporate services to companies listed in the main board and GEM of the Stock Exchange.

Charging Anytime Charging Anywhere

Contributing to cleaner air and public health by reducing air pollution

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 C1 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").

CODES COMPLIANCE

The Company has complied with the code provisions of the Code for the year ended 31 December 2023.

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 annual 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. Li Man Keung Edwin, Mr. Yip Shiu Hong, Mr. Pan Wenyuan, 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 5.46 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 2023 and up to the date of this annual report.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2023 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)*
Mr. Yip Shiu Hong *(Chief Executive Officer)* (appointed on 17 May 2023)
Mr. Sam Weng Wa Michael
Mr. Pan Wenyuan
Ms. Wu Yanyan
Mr. Yeung Chun Yue David (resigned on 17 May 2023)
Mr. Lau Wai Yan Lawson (resigned on 17 May 2023)

Non-executive Director

Mr. Wu Jianwei *(Co-Chairman)*

Independent Non-executive Directors

Mr. Tam Ka Hei Raymond
Mr. Yuen Chun Fai
Ms. Zhu Xiaohui
Mr. Ko Shu Ki Kenneth

The brief biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 25 to 30 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 2023 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 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 C.5.3 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 2023, details of the attendance of the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings, and general meetings 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	8/8	N/A	2/2	2/2	5/5
Mr. Sam Weng Wa Michael	8/8	N/A	N/A	N/A	4/5
Mr. Li Man Keung Edwin	8/8	N/A	N/A	N/A	4/5
Mr. Yip Shiu Hong (appointed on 17 May 2023)	4/4	N/A	N/A	N/A	3/3
Mr. Pan Wenyuan	8/8	N/A	N/A	N/A	5/5
Ms. Wu Yanyan	4/8	N/A	N/A	N/A	2/5
Mr. Lau Wai Yan Lawson (resigned on 17 May 2023)	4/4	N/A	N/A	N/A	2/2
Mr. Yeung Chun Yue David (resigned on 17 May 2023)	4/4	N/A	N/A	N/A	2/2
Non-executive Director					
Mr. Wu Jianwei	3/8	N/A	N/A	N/A	0/5
Independent Non-executive Directors					
Mr. Tam Ka Hei Raymond	8/8	4/4	2/2	2/2	5/5
Mr. Yuen Chun Fai	8/8	4/4	N/A	2/2	5/5
Ms. Zhu Xiaohui	8/8	4/4	2/2	2/2	5/5
Mr. Ko Shu Ki Kenneth	7/8	N/A	1/2	N/A	5/5

During the year ended 31 December 2023, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three independent non-executive Directors representing at least one-third of the Board and all of them continue to devote adequate time contribution to the Company;

- the independent non-executive Directors have an equal status to other Board members;

- all independent non-executive Directors share their views and opinions through regular meetings;

- annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group;

- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and

- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

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 2023 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 four (4) meetings during the year ended 31 December 2023. 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 2022, the first quarterly results of the Group for the three months ended 31 March 2023, the interim results of the Group for the six months ended 30 June 2023, the third quarterly results of the Group for the nine months ended 30 September 2023 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 four members, namely, Ms. Zhu Xiaohui (Chairman), Mr. Tam Ka Hei Raymond and Mr. Ko Shu Ki Kenneth 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 two (2) meetings during the year ended 31 December 2023. Details of the attendance of the Remuneration Committee meetings 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 re-appointment 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 two (2) meetings during the year ended 31 December 2023. Details of the attendance of the Nomination Committee meetings 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 Board has adopted a "Board Diversity Policy" (the "Policy") which sets out the approach to achieve diversity on the Board and the Nomination Committee is responsible for monitoring the implementation of the Policy. In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Policy, including but not limited to gender, age, cultural and educational background, or professional experience etc. The Nomination Committee will discuss any revisions which may be required, and recommend any such revisions to the Board for consideration and approval.

The Board will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness. The Group will also ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company; and will continue to apply the principle of appointments based on merits with reference to the Policy as a whole.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. The employee gender ratio of the Group as at 31 December 2023 is 1 male : 0.56 female. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce. The Board considers that the gender ratio in the workforce (including senior management) is satisfactory. Yet, the Group will still (i) periodically review internal records on gender diversity; (ii) identify suitable female candidates for relevant positions within the Company; and (iii) try to ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company.

The Board currently comprises of 11 Directors, two of which are female. The Board is currently of the opinion that it generally meets the diversity requirements under the GEM Listing Rules. Yet, the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness.

During the year ended 31 December 2023, the Nomination Committee has reviewed the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the 2023 annual general meeting, to review the structure, size and composition of the Board and to review the Policy. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

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 this 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 2023, 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 appropriate 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 2023 and up to the date of this annual report are summarised as follows:

Name of Directors	Type of trainings
Mr. Liang Zihao	A, B
Mr. Li Man Keung Edwin	A, B
Mr. Yip Shiu Hong (Note 1)	A, B
Mr. Sam Weng Wa Michael	A, B
Mr. Lau Wai Yan Lawson (Note 2)	A, B
Mr. Pan Wenyuan	A, B
Ms. Wu Yanyan	A, B
Mr. Yeung Chun Yue David (Note 2)	A, B
Mr. Wu Jianwei	A, B
Mr. Tam Ka Hei Raymond	A, B
Mr. Yuen Chun Fai	A, B
Ms. Zhu Xiaohui	A, B
Mr. Ko Shu Ki Kenneth	A, B

Note 1: Appointed on 17 May 2023

Note 2: Resigned on 17 May 2023

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" of this annual report. During the year ended 31 December 2023, 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 11 and 12 to the consolidated financial statements in this annual report.

The remunerations of the Directors and senior management of the Group for the year ended 31 December 2023 fall within the following band:

Remuneration band	Number of directors and senior management
Nil to HK$1,000,000	5
HK$1,000,001 to HK$2,000,000	3
HK$2,000,001 to HK$3,000,000	6
HK$3,000,001 to HK$4,000,000	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 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 the paragraph headed "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 2023. 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 2023, 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 2023 amounted to HK$0.9 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 long-term 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 2023.

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 2023 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 2023 as required under code provision D.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:

(i) 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.

The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the year ended 31 December 2023 and conclude that it is effective because some minority shareholders have personally approached the company and for relevant news.

WHISTLEBLOWING POLICY

The whistleblowing policy has been put in place for all employees and those who have business dealings with the Group (including customers and suppliers) to deal with concerns related to fraudulent or unethical acts or non-compliances with laws and the Group's policies that have or could have significant adverse financial, legal or reputational impacts on the Group. They may raise concerns about the possible improprieties in any matters related to the Group, in person or in writing to the company secretary of the Company who shall report to the chairman of the Audit Committee in confidence and anonymity. The chairman of the Audit Committee shall then determine the course of action to pursue, with power to delegate, with respect to the report.

ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure the Directors and employees within the Group comply with the Hong Kong Prevention of Bribery Ordinance, the Criminal Law of the PRC, the Anti– Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC, where applicable. The policy sets out the integrity and conduct requirements and policies or controls in place which applies to all Directors and employees of the Group at all levels, and external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g., agents, consultants and contractors). The policy is reviewed from time to time to ensure that it remains appropriate.

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:	Office Units 1107 - 11, 11th Floor, New East Ocean Centre, No. 9 Science Museum Road, Kowloon, Hong Kong
Tel:	(852) 3793 4795
Fax:	(852) 2283 2283
E-mail:	info@cstl.com.hk

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

The second amended and restated memorandum and articles of association of the Company ("M&A") were adopted on 30 June 2023 to comply with the relevant provisions of the GEM Listing Rules. A copy of the M&A is posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cstl.com.hk).

Save as disclosed above, there was no further change in the M&A during the year ended 31 December 2023.

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 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is 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. Upon completion of the disposal of discontinued operations, the Group no longer have remaining business in the printing business.

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

BUSINESS REVIEW AND FUTURE BUSINESS DEVELOPMENT

The business review and future business development of the Group for the year ended 31 December 2023 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Risks and uncertainties

Various financial risks have been disclosed in note 32 to the consolidated financial statements in this annual report.

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 non-compliance 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 of the Company dated 30 April 2018 (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 2023. 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 2023, 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 2023, 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 96 employees (including the Directors) as at 31 December 2023 (31 December 2022: 181 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 2023 and the financial positions of the Company and the Group as at 31 December 2023 are set forth in the audited consolidated financial statements on page 74 to 77 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 2023 and the year ended 31 December 2022.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years/ period is set out on page 181 and 182 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 2023 and the year ended 31 December 2022 are set out in the consolidated statement of changes in equity on page 78 and 79 of this annual report.

DISTRIBUTABLE RESERVES

Details of movements during the year ended 31 December 2023 and the year ended 31 December 2022 in the reserves and reserves available for distribution to the Company's shareholders of the Group and the Company are set out on page 78 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 2023.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 December 2023 and the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements in this annual report.

DONATIONS

During the year ended 31 December 2023, donations made by the Group amounted to HK$19,200 (year ended 31 December 2022: HK$15,000).

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 December 2023 and year ended 31 December 2022 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 2023 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)*
Mr. Yip Shiu Hong *(Chief Executive Officer)* (appointed on 17 May 2023)
Mr. Sam Weng Wa Michael
Mr. Pan Wenyuan
Ms. Wu Yanyan
Mr. Yeung Chun Yue David (resigned on 17 May 2023)
Mr. Lau Wai Yan Lawson (resigned on 17 May 2023)

Non-Executive Director

Mr. Wu Jianwei *(Co-Chairman)*

Independent Non-Executive Directors

Mr. Tam Ka Hei Raymond
Mr. Yuen Chun Fai
Ms. Zhu Xiaohui
Mr. Ko Shu Ki Kenneth

In accordance with the Articles, Mr. Liang Zihao, Mr. Li Man Keung Edwin, Mr. Yip Shiu Hong, Mr. Pan Wenyuan 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 25 to 30 of this annual report.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors during the year ended 31 December 2023 are set out in note 11 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 2023 or at any time during the year ended 31 December 2023.

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 2023.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue from the Group's five largest customers accounted for approximately 46.1% and revenue from the Group's largest customer amounted to approximately 12.2% of the total revenue for the year ended 31 December 2023, respectively. Purchases from the Group's five largest suppliers accounted for approximately 67.5% and purchases from the Group's largest supplier amounted to approximately 29.8% of the total purchases for the year ended 31 December 2023.

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 2023.

CONNECTED AND RELATED PARTY TRANSACTION

Save as disclosed in this annual report, 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 2023 are set out in note 33 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 2023, 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 2023.

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 2023.

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 2023, 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")	Beneficial owner/Interest of controlled corporation	268,595,225 *(Note 1)*	30.31%
	Beneficial owner	10,400,000 *(Note 5)*	1.17%
Mr. Liang Zihao ("Mr. Liang")	Beneficial owner/Interest of controlled corporation	244,403,225 *(Note 2)*	27.58%
	Beneficial owner	10,400,000 *(Note 5)*	1.17%
Mr. Pan Wenyuan ("Mr. Pan")	Interest of controlled corporation	27,096,000 *(Note 3)*	3.06%
	Beneficial owner	6,000,000 *(Note 5)*	0.68%
Mr. Li Man Keung Edwin ("Mr. Li")	Beneficial owner/Interest of controlled corporations	104,104,613 *(Note 4)*	11.75%
	Beneficial owner	10,400,000 *(Note 5)*	1.17%
Mr. Sam Weng Wa Michael	Beneficial owner	6,440,000 *(Note 5)*	0.73%
Ms. Wu Yanyan	Beneficial owner	47,550,000	5.37%
	Beneficial owner	6,000,000 *(Note 5)*	0.68%

Name of Director	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Mr. Tam Ka Hei Raymond	Beneficial owner	1,040,000 *(Note 5)*	0.12%
Mr. Yuen Chun Fai	Beneficial owner	1,040,000 *(Note 5)*	0.12%
Ms. Zhu Xiaohui	Beneficial owner	1,040,000 *(Note 5)*	0.12%
Mr. Ko Shu Ki Kenneth	Beneficial owner	3,712,000	0.42%
	Beneficial owner	600,000 *(Note 5)*	0.07%
Mr. Yip Shiu Hong	Beneficial owner	5,997,905	0.68%
Mr. Ng Sze Chun	Beneficial owner	2,998,953	0.34%

Notes:

1. 235,603,225 Shares are held by Global Fortune Global Limited ("Global Fortune") which is owned as to 51% by Mr. Wu. Mr. Wu is deemed to be interested in the Shares in which Global Fortune is interested under the SFO. Mr. Wu also directly holds 32,992,000 Shares.

2. 235,603,225 Shares are held by Global Fortune which is owned as to 49% by Mr. Liang. Mr. Liang is deemed to be interested in the Shares in which Global Fortune is interested under the SFO. Mr. Liang also directly holds 8,800,000 Shares.

3. 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 the SFO.

4. 17,392,000 Shares and 72,000,000 Shares are held by Tanner Enterprises Group Limited ("Tanner Enterprises") and Glorytwin Limited ("Glorytwin") respectively. Mr. Li owns 100% of the issued share capital of Tanner Enterprises, which in turn owns 100% of the issued share capital of Glorytwin. Mr. Li is deemed to be interested in the Shares in which Tanner Enterprises and Glorytwin are interested under the SFO. Mr. Li also directly holds 14,712,613 Shares.

5. 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. Li Man Keung Edwin	Tanner Enterprises	Beneficial owner	1	100%

Notes:

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

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

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

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 2023, 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 2023, 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	Capacity	Number of Shares	Percentage of issued share capital
Global Fortune	Beneficial owner *(Note 1)*	235,603,225	26.58%
Tanner Enterprises	Beneficial owner/Interest of controlled corporation *(Note 2)*	89,392,000	10.09%
Glorytwin	Beneficial owner *(Note 2)*	72,000,000	8.12%
AASPCF2022 GP, LP	General Partner	100,000,000 *(Note 3)*	11.28%
Abax Asian Structured Private Credit Fund 2022, LP	Beneficial owner	100,000,000 *(Note 3)*	11.28%
Abax Global Capital	Interest of controlled corporation	100,000,000 *(Note 3)*	11.28%
Abax Global Capital GP 2022 Ltd.	General Partner	100,000,000 *(Note 3)*	11.28%
Yang Xiang Dong	Interest of controlled corporation	100,000,000 *(Note 3)*	11.28%
Gateway Capital (Hong Kong) Limited	Investment manager	79,704,000 *(Note 4)*	8.99%
Gaw Growth Equity Fund I GP Limited	Interest of controlled corporation	79,704,000 *(Note 4)*	8.99%
Gaw Growth Equity Fund I, LPF	Interest of controlled corporation	79,704,000 *(Note 4)*	8.99%
Steady Flake Limited	Beneficial owner	79,704,000 *(Note 4)*	8.99%

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 be interested in all the shares held by Global Fortune.

2. Glorytwin is legally and beneficially owned as to 100% by Tanner Enterprises. Therefore, by virtue of the SFO, Tanner Enterprises is deemed to be interested in all the shares held by Glorytwin.

3. 100,000,000 Shares of which represent the Shares which would be allotted and issue upon exercise in full of the warrants granted by the Company. Based on the notice of disclosure of interest filed by each of AASPCF2022 GP, LP, Abax Asian Structured Private Credit Fund 2022, LP, Abax Global Capital, Abax Global Capital GP 2022 Ltd. and Yang Xiang Dong on 17 October 2023, the 100,000,000 shares were held by Abax Asian Structured Private Credit Fund 2022, LP ("Abax Asian"). AASPCF2022 GP, LP ("AAS") is acting as general partner of Abax Asian. Abax Global Capital GP 2022 Ltd. is acting as general partner of AAS. Abax Global Capital GP 2022 Ltd. is wholly owned by Abax Global Capital, which was owned as to 59.8% by Yang Xiang Dong. Therefore, by virtue of the SFO, each of AAS, Abax Global Capital GP 2022 Ltd., Abax Global Capital and Yang Xiang Dong was deemed to be interested in the 100,000,000 shares held by Abax Asian.

4. 21,000,000 Shares of which represent the Shares which would be allotted and issued upon exercise in full of the warrants granted by the Company.

Save as disclosed above, as at 31 December 2023, 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 existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the extraordinary general meeting of the Company held on 12 December 2023 (the "Adoption Date") and the previous share option scheme of the Company adopted on 19 April 2018 (the "Old Share Option Scheme") was terminated on the same date. Options granted prior to the termination of the Old Share Option Scheme shall continue to be valid and exercisable in accordance with the Old Share Option Scheme.

The following is a summary of the major terms of the Share Option Scheme:

1. **Purpose of the Share Option Scheme**

   The purpose of our Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives and/or rewards for their contribution or potential contribution to the Company.

2. **Eligible Participants**

   Eligible Participants include the Employee Participants, the Service Providers and Related Entity Participants. The eligibility of each of the Eligible Participant shall be determined by the Board or a committee of the Board from time to time and on a case-by-case basis. Generally:

   i. with respect to Employee Participants, the Board will consider, among others, their general working performance, time commitment, length of their service within the Group, working experience, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard;

   ii. with respect to Service Providers, the Board will consider, among others, their experience and expertise, continuity and frequency of their services to the Group, their involvement in promoting the business of the Group, or where appropriate, contribution or potential contribution to the long-term growth of the 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 effective period of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions hereof. An Offer may not be accepted unless the Eligible Participant remains an eligible person on acceptance.

   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, provided that it must be at least 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 Adoption Date, i.e. 88,623,939 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) under the Share Option Scheme in any 12-month period up to date of grant must not exceed 1% of the Shares in issue.

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 12 December 2023. As at the date of this report, the remaining life of the Share Option Scheme was approximately 10 years.

For more details on the Share Option Scheme, please refer to Appendix III to the circular of the Company dated 22 November 2023.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the Adoption Date and at the date of this report.

The number of share options available for grant under the Share Option Scheme as at the Adoption Date and 31 December 2023 was 88,623,939.

A total of 88,623,939 Shares are available for issue under the Share Option Scheme, representing approximately 10% of the Company's total number of issued Shares as at the date of this annual report.

Pursuant to the Old Share Option Scheme, no share options (2022: 60,200,000) were granted to eligible participants of the Group during the year ended 31 December 2023. The movements of share options under the Old Share Option Scheme during the year ended 31 December 2023 are as follows:

					Number of share options					
Category/ Name of grantees	**Date of grant**	**Exercise price *(HK$)***	**Vesting date**	**Exercise period**	**Balance as at 1 January 2023**	**Granted during the year**	**Exercised during the year *(Note 1)***	**Lapsed during the year**	**Cancelled during the year**	**Balance as at 31 December 2023**
Directors/ Substantial shareholders										
Liang Zihao	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	4,400,000	–	–	–	–	4,400,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	6,000,000	–	–	–	–	6,000,000
Sam Weng Wa Michael	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	440,000	–	–	–	–	440,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	6,000,000	–	–	–	–	6,000,000
Li Man Keung Edwin	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	4,400,000	–	–	–	–	4,400,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	6,000,000	–	–	–	–	6,000,000
Wu Jianwei	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	4,400,000	–	–	–	–	4,400,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	6,000,000	–	–	–	–	6,000,000
Wu Yanyan	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	6,000,000	–	–	–	–	6,000,000
Pan Wenyuan	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	6,000,000	–	–	–	–	6,000,000

Category/ Name of grantees	Date of grant	Exercise price *(HK$)*	Vesting date	Exercise period	Number of share options: Balance as at 1 January 2023	Granted during the year	Exercised during the year *(Note 1)*	Lapsed during the year	Cancelled during the year	Balance as at 31 December 2023
Tam Ka Hei Raymond	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	440,000	–	–	–	–	440,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	600,000	–	–	–	–	600,000
Yuen Chun Fai	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	440,000	–	–	–	–	440,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	600,000	–	–	–	–	600,000
Zhu Xiaohui	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	440,000	–	–	–	–	440,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	600,000	–	–	–	–	600,000
Ko Shu Ki Kenneth	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	600,000	–	–	–	–	600,000
Ex-directors										
Lau Wai Yan Lawson	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	1,100,000	–	–	–	–	1,100,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	6,000,000	–	–	–	–	6,000,000
Yeung Chun Yue David	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	6,000,000	–	–	–	–	6,000,000

Category/ Name of grantees	Date of grant	Exercise price *(HK$)*	Vesting date	Exercise period	Number of share options: Balance as at 1 January 2023	Granted during the year	Exercised during the year *(Note 1)*	Lapsed during the year	Cancelled during the year	Balance as at 31 December 2023
Employees										
In aggregate	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	1,964,000	–	(48,000)	–	–	1,916,000
In aggregate	28 January 2021	0.54	1 April 2022	1 April 2022 to 27 January 2031	1,116,000	–	–	–	–	1,116,000
In aggregate	17 June 2022	0.85	17 June 2023	17 June 2023 to 16 June 2032	1,700,000	–	–	–	(100,000)	1,600,000
In aggregate	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	3,600,000	–	–	–	–	3,600,000
Senior Management										
In aggregate	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	1,200,000	–	–	–	–	1,200,000
Consultants										
In aggregate	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	1,760,000	–	–	–	–	1,760,000
In aggregate	17 June 2022	0.85	17 June 2023	17 June 2023 to 16 June 2032	300,000	–	–	–	–	300,000
In aggregate	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2032	3,000,000	–	–	–	–	3,000,000
Total					81,100,000	–	(48,000)	–	(100,000)	80,952,000

Notes:

1. The weighted average closing price of the shares immediately before the date on which the options were exercised was HK$1.18.

2. The number of Shares that may be issued in respect of the share options granted during the year ended 31 December 2023 divided by the weighted average number of Shares in issue for the year ended 31 December 2023 was Nil.

Further details of the movements of the share option during the year ended 31 December 2023 is set out in note 29 to the consolidated financial statements in this annual report.

INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2023, 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 33 to 48 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 17.38A 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

Subsequent to 31 December 2023, certain events has taken place and the details of the events could be referred to note 38 to the consolidated financial statements in this annual report.

Save as disclosed in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this report.

On behalf of the Board

Liang Zihao
Co-Chairman

Hong Kong, 28 March 2024

Independent Auditor's Report

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

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 74 to 180, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information and other explanatory information.

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 2023, 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 period. 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	How our audit addressed the key audit matter
Impairment assessment of goodwill, property, plant and equipment and right-of-use assets of electric vehicles charging business and other intangible assets *Refer to note 18 to the consolidated financial statements.*	
We identified the valuation of goodwill, property, plant and equipment and right-of-use assets of electric vehicles charging business 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 18 to the consolidated financial statements, in determining the amount of impairment for goodwill, property, plant and equipment and right-of-use assets of electric vehicles charging business and other intangible assets requires an estimation of the recoverable amount, which is the value in use of the cash-generating 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 electric vehicles charging 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, property, plant and equipment and right-of-use assets of electric vehicles charging business and other intangible assets were recognised in profit or loss respectively, during the year ended 31 December 2023 (2022: Nil).	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, property, plant and equipment and right-of-use assets of electric vehicles charging business and other intangible assets to be supported by the available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from the provision of financial printing services on IPO projects *Refer to note 5 to the consolidated financial statements.* The Group recognised revenue of approximately HK$123,861,000 (2022: HK$80,142,000) from the provision of integrated printing services, the electric vehicle charging solution, installation services, maintenance services and sales of electric vehicle charging system for the year ended 31 December 2023. There is no revenue generated from provision of financial printing services on IPO projects (2022: HK$246,000) 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 procedures in relation to revenue cognition from the provision of financial printing services on IPO projects 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 from the provision of financial printing services on IPO projects to be supported by the available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of installation service contracts *Refer to notes 5 and 20 to the consolidated financial statements*	
The Group recognised revenue from installation service contracts amounting to approximately HK$39,145,000 for the year ended 31 December 2023 (2022: HK$8,937,000), and had contract assets of approximately HK$14,220,000 (2022: HK$276,000) and no contract liabilities (2022: HK$125,000) relating to provision of installation service relating to electric vehicle charging-enabling infrastructure as at 31 December 2023. Revenue from provision of installation service is recognized over time by measuring the progress towards completion of the Group's performance obligations as set out in respective contracts. For the year ended 31 December 2023, the Group recognised revenue using output method. The decision as to which method to use is made for each contract, after considering the nature of services that the Group promised to transfer to the customer. The determination of the estimated value of the installation works complete to date for different projects involved significant management's judgement and estimates which may have significant impact on the amount and timing of revenue recognized. We focused on this area as a key audit matter due to the significance of the revenue and the related costs to the Group's consolidated financial statements and the significance of the judgement and estimates involved.	Our procedures in relation to revenue recognition of installation service contracts included: (a) understood the basis of estimation of the budgets through discussion with the management who are responsible for reviewing budgeted costs and budgeted revenue of the installation service contracts, and evaluated the reasonableness of the estimated profit margins; (b) inspected, on a sample basis, the terms and conditions of installation service contracts such as contract sum, construction period, performance obligations, payment schedule and retention etc.; (c) assessed and checked, on a sample basis, the accuracy of the budgeted installation service revenue by agreeing to contracts sum as set out in the contracts and the agreements entered with customers; (d) tested, on a sample basis, the contract costs incurred to date to supporting documents including the subcontractor payment certificates and suppliers' invoices, etc.; (e) recalculated, on a sample basis, the percentage of completion based on the latest budgeted final costs and the total actual costs incurred; and (f) assessed, on a sample basis, the appropriateness of contract assets/contract liabilities and performed recalculation on progress of satisfying the performance obligation, revenue and gross profit. Based on the audit procedures performed, we found the key judgements and assumptions used in the revenue recognition of installation service contracts 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, actions taken to eliminate threats or safeguards applied.

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 the independent auditor's report is Wong Ho Fung.

D & PARTNERS CPA LIMITED
Certified Public Accountants
Wong Ho Fung
Practising Certificate Number: P07542
Hong Kong
28 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Continuing operations			
Revenue	*5*	**78,132**	31,827
Cost of services		**(63,908)**	(28,583)
Gross profit		**14,224**	3,244
Other income	*6*	**553**	1,812
Gain on disposal of subsidiaries/a subsidiary	*35*	**28,601**	–*
Administrative and other operating expenses		**(68,897)**	(55,899)
Share-based payment expenses		**(77,606)**	(77,472)
Research and development expenses		**(1,012)**	(1,830)
Finance costs	*7*	**(2,441)**	(2,097)
Loss before tax		**(106,578)**	(132,242)
Income tax credit	*8*	**172**	2,266
Loss for the year from continuing operations		**(106,406)**	(129,976)

* Represent the amount less than HK$1,000.

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Discontinued operations			
Loss for the year from discontinued operations	9	**(18,014)**	(31,211)
Loss and total comprehensive expense for the year		**(124,420)**	(161,187)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(124,186)**	(160,311)
Non-controlling interests		**(234)**	(876)
		(124,420)	(161,187)
Loss and total comprehensive expense for the year attributable to owners of the Company:			
— from continuing operations		**(106,402)**	(129,972)
— from discontinued operations		**(17,784)**	(30,339)
		(124,186)	(160,311)
Loss attributable to non-controlling interests			
— from continuing operations		**(4)**	(4)
— from discontinued operations		**(230)**	(872)
		(234)	(876)
From continuing and discontinued operations			
Loss per share attributable to owners of the Company			
Basic and diluted *(HK cents)*	14	**(15.03)**	(23.64)
From continuing operations			
Loss per share attributable to owners of the Company			
Basic and diluted *(HK cents)*	14	**(12.88)**	(19.17)

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	15	**45,837**	27,660
Right-of-use assets	16	**8,009**	35,132
Other intangible assets	17	**28,082**	23,110
Goodwill	18	**30,080**	30,080
Deposits	21	**5,047**	3,687
Deferred tax assets	27	**8,307**	4,638
		125,362	124,307
Current assets			
Inventories	19	**6,123**	7,723
Contract assets	20	**14,220**	276
Trade and other receivables, prepayments and deposits	21	**51,054**	27,251
Bank balances and cash	22	**23,381**	10,522
		94,778	45,772
Current liabilities			
Contract liabilities	20	**1,056**	847
Trade and other payables	23	**36,806**	41,735
Bank and other borrowings	24	**–**	25,441
Lease liabilities	25	**2,715**	7,809
Amounts due to former director/directors	34	**526**	5,025
		41,103	80,857
Net current assets/(liabilities)		**53,675**	(35,085)
Total assets less current liabilities		**179,037**	89,222

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Lease liabilities	*25*	**5,340**	29,695
Provisions	*26*	**1,207**	2,799
Bank and other borrowings	*24*	**57,720**	—
Deferred tax liabilities	*27*	**9,334**	5,837
		73,601	38,331
NET ASSETS		**105,436**	50,891
Capital and reserves			
Share capital	*28*	**8,862**	7,370
Reserves		**96,582**	45,032
Equity attributable to owners of the Company		**105,444**	52,402
Non-controlling interests	*37*	**(8)**	(1,511)
TOTAL EQUITY		**105,436**	50,891

The consolidated financial statements on pages 74 to 180 were approved and authorised for issue by the Board of Directors on 28 March 2024 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 2023

	Attributable to owners of the Company						Non-controlling interests HK$'000 (Note iii)	Total equity HK$'000
		Reserves						
	Share capital HK$'000	Share premium HK$'000 (Note i)	Capital reserve HK$'000 (Note ii)	Share-based payments reserve HK$'000	Accumulated losses HK$'000	Total HK$'000		
At 1 January 2022	6,078	122,157	17,802	8,048	(91,782)	62,303	(635)	61,668
Issue of shares pursuant to the share placing *(Note iv)*	395	22,882	–	–	–	23,277	–	23,277
Issue of shares pursuant to the share subscription *(Note v)*	777	47,358	–	–	–	48,135	–	48,135
Issue of shares pursuant to the service contracts *(Note vi)*	90	8,007	–	(8,097)	–	–	–	–
Issue of shares pursuant to the warrants agreement *(Note vii)*	30	3,143	–	(1,673)	–	1,500	–	1,500
Issue of shares pursuant to share option scheme *(Note 29)*	–*	40	–	(14)	–	26	–	26
Recognition of equity-settled share based payment	–	–	–	77,472	–	77,472	–	77,472
Loss and total comprehensive expense for the year	–	–	–	–	(160,311)	(160,311)	(876)	(161,187)
At 31 December 2022	7,370	203,587	17,802	75,736	(252,093)	52,402	(1,511)	50,891
Issue of shares pursuant to the share subscription *(Note viii)*	**552**	**52,044**	**–**	**–**	**–**	**52,596**	**–**	**52,596**
Issue of shares pursuant to the warrants agreement *(Note ix)*	**940**	**98,483**	**–**	**(52,423)**	**–**	**47,000**	**–**	**47,000**
Issue of shares pursuant to share option scheme *(Note 29)*	**–***	**39**	**–**	**(13)**	**–**	**26**	**–**	**26**
Recognition of equity-settled share based payment	**–**	**–**	**–**	**77,606**	**–**	**77,606**	**–**	**77,606**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(124,186)**	**(124,186)**	**(234)**	**(124,420)**
Disposal of Subsidiaries *(note 35)*	**–**	**–**	**(17,802)**	**–**	**17,802**	**–**	**1,737**	**1,737**
At 31 December 2023	**8,862**	**354,153**	**–**	**100,906**	**(358,477)**	**105,444**	**(8)**	**105,436**

* Represent the amount less than HK$1,000

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. The capital reserve was released as the Group disposed 100% equity interests in two of its subsidiaries, together with their respective subsidiaries during the year ended 31 December 2023.

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 31 May 2022, an aggregate of 39,520,000 placing shares have been successfully placed at the placing price of HK$0.62 per placing share pursuant to the terms and conditions of the placing agreement. Pursuant to the terms of the placing agreement, 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$1,225,000 has been paid to placing agents during the year ended 31 December 2022.

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

Note v: On 31 May 2022, an aggregate of 45,316,000 subscription shares have been issued and allotted to the subscribers at the subscription price of HK$0.62 per subscription share pursuant to the terms and conditions of the deed of settlement of debt.

In addition, on 13 July 2022, an aggregate of 32,320,000 subscription shares have been issued and allotted to the subscriber at the subscription price of HK$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement.

Note vi: On 31 May 2022, an aggregate of 5,997,905 and 2,998,953 emolument shares have been issued and allotted to the chief executive officer and chief operating officer of the Company respectively pursuant to the terms and conditions of the service contracts.

Note vii: On 14 December 2022, an aggregate of 3,000,000 warrant shares have been issued and allotted to the subscriber at the subscription price of HK$0.50 per subscription share pursuant to the terms and conditions of the subscription agreement of the warrants.

Note viii: On 6 March 2023, an aggregate of 20,000,000 subscription shares have been issued and allotted to the subscriber at the subscription price of HK$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement. In addition, on 30 May 2023, an aggregate of 35,200,000 subscription shares have been issued and allotted to the subscribers at the subscription price of HK$1.144 per subscription share pursuant to the terms and conditions of the subscription agreement.

Note ix: On 5 January 2023, 3 March 2023 and 17 August 2023, an aggregate of 16,000,000 warrant shares, an aggregate of 16,000,000 warrant shares and an aggregate of 62,000,000 warrant shares have been issued and allotted to the subscriber at the subscription price of HK$0.50 per subscription share pursuant to the terms and conditions of the subscription agreement of the warrants respectively.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023 *HK$'000*	2022 *HK$'000*
OPERATING ACTIVITIES		
Loss before tax	**(124,502)**	(164,669)
Adjustments for:		
Depreciation of property, plant and equipment	**6,031**	6,634
Depreciation of right-of-use assets	**7,853**	13,318
Amortisation of other intangible assets	**3,029**	2,130
Impairment loss recognised on trade receivables, net of reversal	**2,868**	1,754
Impairment loss recognised on property, plant and equipment	**–**	6,742
Impairment loss recognised on right-of-use assets	**–**	1,226
Interest income	**(327)**	(198)
Finance costs	**4,922**	4,311
Gain on lease modification	**–**	(1,980)
Gain on termination of lease	**–**	(97)
Reinstatement provision expenses	**3**	39
Share-based payment expenses	**77,606**	77,472
Gain on disposal of subsidiaries/a subsidiary	**(28,601)**	–
Operating cash flows before movements in working capital	**(51,118)**	(53,318)
Increase in inventories	**(2)**	(229)
Increase in contract assets	**(13,944)**	(276)
Increase in trade and other receivables and deposits	**(37,129)**	(4,976)
Increase in contract liabilities	**209**	125
Increase in trade and other payables	**6,592**	26,055
Cash used in operations	**(95,392)**	(32,619)
Interest received	**207**	2
NET CASH USED IN OPERATING ACTIVITIES	**(95,185)**	(32,617)

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
INVESTING ACTIVITIES		
Advance to related parties	**(616)**	–
Purchase of property, plant and equipment	**(29,062)**	(25,791)
Purchase of other intangible assets	**(4,084)**	(2,114)
Development costs paid	**(3,917)**	(4,500)
Payments for rental deposits	**–**	(20)
Net cash outflow on disposal of subsidiaries/a subsidiary	**(1,667)**	(336)
NET CASH USED IN INVESTING ACTIVITIES	**(39,346)**	(32,761)
FINANCING ACTIVITIES		
Repayment of bank and other borrowings	**(6,810)**	(67)
Drawdown of bank overdraft	**355**	–
New borrowings raised	**62,516**	25,347
Repayment of lease liabilities	**(7,809)**	(11,648)
Proceeds from issue of shares	**99,695**	46,065
Transaction costs attributable to issue of shares	**(73)**	(1,223)
Interest paid	**(3,256)**	(4,217)
Advance from former director/directors	**2,772**	5,025
Repayment of loan from shareholders	**–**	(4)
NET CASH FROM FINANCING ACTIVITIES	**147,390**	59,278
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**12,859**	(6,100)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**10,522**	16,622
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**23,381**	10,522

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

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 Office Units 1107-11, 11th Floor, New East Ocean Centre, No.9 Science Museum Road, Kowloon, 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")

New and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

The application of the new and 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 years and/or on the disclosures set out in these consolidated financial statements.

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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

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 MATERIAL ACCOUNTING POLICY INFORMATION

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.

Going concern assumptions

The Group incurred net loss of approximately HK$124,420,000 (2022: HK$161,187,000) for the year ended 31 December 2023. As at 31 December 2023, the Group had accumulated losses of HK$358,477,000 (2022: HK$252,093,000). As at the same date, the Group's bank and other borrowings amounted to HK$57,720,000 (2022: HK$25,441,000), while its cash and bank balances amounted to HK$23,381,000 (2022: HK$10,522,000) only.

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 2023 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) During the year ended 31 December 2023, the Group entered into a Green Loan Facility Agreement with Abax Asian Structured Private Credit Fund 2022, LP (the "Lender"), an independent Company, for a term loan facility with a limit of US$20,000,000 (the "Loan Facility"). The loans under the Loan Facility will be secured and repayable in 36 months after the date of drawdown. As at the date of this report, US$8,000,000 had been drawn down by the Group.

(b) Implementing comprehensive policies to monitor cash flows through cutting costs and capital expenditure; and

(c) 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. Letter of undertaking and support are obtained from Mr. Wu Jianwei, Mr. Liang Zihao, Mr. Li Man Keung Edwin and Mr. Pan Wenyuan.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

Going concern assumptions *(Continued)*

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 2023. 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 2023. 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.

3.2 Material accounting policy information

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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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

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 (including goodwill), 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 Financial Instrument ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Goodwill

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers *(Continued)*

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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers *(Continued)*

Revenue from provision of installation services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The Group provides installation services under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the services at the customers specified sites that the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue from provision of installation services is therefore recognised over time for each individual contract by using output method, i.e. on the basis of measurement of the value of services transferred to the customer to date. The measurement is based on surveys of installation services completed by the Group to date as certified by surveyors or other representatives appointed by the customers and adjusted by the estimated value of work performed but which is yet to be certified at each of the reporting date. The management of the Group considers that output method would faithfully depict the Group's performance towards satisfaction of performance obligation under HKFRS 15.

Revenue from electric vehicle charging income (previously known as "subscription fee income") of electric vehicle charger is recognised over time as the performance obligation is satisfied when the customer receives and uses the benefits simultaneously.

Revenue from maintenance services is recognised when services are rendered to the customer.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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 on or after the date of initial application of HKFRS 16 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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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 other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under 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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, 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 stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone 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, less any lease incentives receivable, 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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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 consideration 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 2022; 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessor (Continued)

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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 straight-line 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.

Shares/Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

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".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

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 when employees have rendered service entitling them to the contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund.

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 current and deferred income tax expense.

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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

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.

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 HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable 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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets 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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating 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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts, if applicable, are presented as short-term borrowings in the consolidated statement of financial position.

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. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

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. 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 subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, contract assets, amounts due from related companies, deposits and bank balances) which are subject to impairment assessment 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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(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 loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which cases 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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(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; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(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 and 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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(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.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income' line item (note 6) as part of the exchange loss, net.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

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.

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

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities including bank and other borrowings, amounts due to related companies, and former director/directors, and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income' line item in profit or loss (note 6) as part of exchange loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 forward-looking 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 21 and 20 respectively.

Revenue recognition from the provision of financial printing services on IPO projects

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.

Revenue recognition of installation services and recognition of contract assets

Revenue from provision of installation services is recognised over time by measuring the progress towards completion of the Group's performance obligations as set out in respective contracts. The Group has used the output method to estimate the progress of each performance obligation satisfied over time by reference to the value of installation works completed to date (as certified by surveyors or other representatives as appointed by customers (collectively the external independent parties) or evaluated by the Group's internal technicians if such certifications from external independent parties are not available) as a proportion of the total contract value of the relevant contracts.

The Group regularly reviews and revises the estimation of contract progresses whenever there is any change in circumstances. As at 31 December 2023, the value of work which is completed but yet to be certified was disclosed in note 20.

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

Key sources of estimation uncertainty *(Continued)*

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 2023 were HK$30,080,000 (2022: HK$30,080,000) and HK$28,082,000 (2022: HK$23,110,000) respectively. Details of the recoverable amount calculation are disclosed in note 18.

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 2023, the carrying amounts of right-of-use assets was HK$8,009,000 (2022: HK$35,132,000) and the carrying amounts of property, plant and equipment was HK$45,837,000 (2022: HK$27,660,000). Based on the management's assessment after taking into account no impairment losses (2022: HK$1,226,000 and HK$6,742,000) in respect of right-of-use assets and property, plant and equipment that have been recognised for the year ended 31 December 2023 respectively. Details of the impairment of right-of-use assets and property, plant and equipment are disclosed in note 15 and 18.

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.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(i) *Disaggregation of revenue from contracts with customers from continuing operations*

	2023 HK$'000	2022 HK$'000
Continuing operations		
Electric vehicle charging business		
Sales of electric vehicle charging systems	**31,402**	21,136
Electric vehicles charging income (previously known as "subscription fee income")	**5,602**	1,434
Provision of installation service income	**39,145**	8,937
Maintenance income and rental income	**1,983**	320
	78,132	31,827
Timing of revenue recognition		
A point in time	**33,186**	21,456
Over time	**44,946**	10,371
	78,132	31,827

Revenue from contracts with customer from discontinued operations of printing business amounted to HK$45,729,000 (2022: HK$48,069,000) are recognised at a point in time and HK$Nil (2022: HK$246,000) are recognized at over time.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(ii) Segment information

	Continuing operations	Discontinued operations	
	Electric vehicle charging business HK$'000	Printing business HK$'000	2023 *HK$'000*
Revenue from external customers	78,132	45,729	123,861
Segment results	(43,943)	(17,924)	(61,867)
Unallocated expenses			(91,236)
Gain on disposal of subsidiaries			28,601
Income tax credit			82
Loss for the year			(124,420)
Segment assets	200,754	-	200,754
Unallocated assets			19,386
Total assets			220,140
Segment liabilities	(51,959)	-	(51,959)
Unallocated liabilities			(62,745)
Total liabilities			(114,704)
Other segment information:			
Additions to property, plant and equipment	25,761	3,301	29,062
Cost of services	63,908	38,933	102,841
Depreciation of property, plant and equipment	4,727	1,304	6,031
Depreciation of right-of-use assets	2,912	4,941	7,853
Amortisation of other intangible assets	3,029	-	3,029

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(ii) Segment information *(Continued)*

	Continuing operations	Discontinued operations	
	Electric vehicle charging business	Printing business	2022
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	31,827	48,315	80,142
Segment results	(41,737)	(32,406)	(74,143)
Unallocated expenses			(90,526)
Gain on disposal of a subsidiary			–*
Income tax credit			3,482
Loss for the year			(161,187)
Segment assets	118,749	50,590	169,339
Unallocated assets			740
Total assets			170,079
Segment liabilities	(35,088)	(64,747)	(99,835)
Unallocated liabilities			(19,353)
Total liabilities			(119,188)
Other segment information:			
Additions to property, plant and equipment	19,553	6,238	25,791
Cost of services	28,583	48,365	76,948
Depreciation of property, plant and equipment	2,262	4,372	6,634
Depreciation of right-of-use assets	3,282	10,036	13,318
Impairment of property, plant and equipment	–	6,742	6,742
Impairment of right-of-use assets	–	1,226	1,226
Amortisation of other intangible assets	2,130	–	2,130

* Represent the amounts less than HK$1,000

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 contributing over 10% of the total revenue of the Group is as follows:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Customer A	**–**	8,366
Customer B	**9,500**	–
Customer C	**8,900**	–

Note: All of the revenue from customer A, B and C is derived from electric vehicle charging business.

6. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest income	**189**	41
Government grant *(Note)*	**278**	1,615
Exchange gain/(loss), net	**81**	(14)
Sundry income	**5**	170
	553	1,812

Note: During the year ended 31 December 2023, no government grants from employment support scheme is recognised to subsidise eligible employer for paying wages of employees in the subsidy period (2022: HK$1,464,000). 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

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest on bank and other borrowings	**1,970**	11
Interest on lease liabilities	**471**	586
Others	**–**	1,500
	2,441	2,097

8. INCOME TAX 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.

8. INCOME TAX CREDIT *(Continued)*

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Hong Kong Profits Tax:		
Current tax	**–**	–
Deferred taxation credit *(note 27)*	**(172)**	(2,266)
Income tax credit	**(172)**	(2,266)

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

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Loss before tax from continuing operations	**(106,578)**	(132,242)
Tax at the domestic income tax rate	**(17,586)**	(21,820)
Tax effect of expenses not deductible for tax purpose	**15,257**	14,982
Tax effect of income not taxable for tax purpose	**(4,768)**	(242)
Tax effect of tax losses/deductible temporary difference not recognised	**6,925**	4,814
Income tax credit from continuing operations	**(172)**	(2,266)

Details of deferred tax are set out in note 27.

9. DISCONTINUED OPERATIONS

On 15 August 2023, the Company entered into a sale and purchase agreement (the "S&P Agreement") with Castle Noble International Limited, as purchaser, being a connected person of the Company. Castle Noble International Limited is beneficially wholly-owned by Mr. Liang Zihao, an executive Director and a controlling Shareholder of the Company, Pursuant to S&P Agreement, which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire issued share capital of two subsidiaries of the Company, together with their respective subsidiaries (the "Disposed Subsidiaries") which were engaged in the Printing Business, for a cash consideration of HK$1. The disposal has been completed on 31 December 2023. Details of gain on disposal of subsidiaries are set out in note 35. Comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operations.

The loss for the year from the discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present Printing Business as discontinued operations.

	2023	2022
	HK$'000	*HK$'000*
Loss from the discontinued operations for the year	**(18,014)**	(31,211)
Gain on disposal of subsidiaries *(note 35)*	**28,601**	–
	10,587	(31,211)

During the year ended 31 December 2023, the discontinued operations of the Group used cashflow of HK$13,065,000 (2022: HK$8,913,000) in respect of operating activities, used cashflow of HK$523,000 (2022: used cashflow of HK$6,575,000) in respect of investing activities and used generated cashflow of HK$7,475,000 (2022: HK$15,024,000) in respect of financing activities.

9. DISCONTINUED OPERATIONS *(Continued)*

The results of the discontinued operations, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue	**45,729**	48,315
Cost of services	**(38,933)**	(48,365)
Gross profit/(loss)	**6,796**	(50)
Other income	**1,116**	4,604
Selling expenses	**(3,375)**	(2,289)
Administrative and other operating expenses	**(19,980)**	(32,478)
Finance costs	**(2,481)**	(2,214)
Loss before tax	**(17,924)**	(32,427)
Income tax (expense)/credit	**(90)**	1,216
Loss and total comprehensive expense for the year	**(18,014)**	(31,211)
Loss for the year from discontinued operations has been arrived after charging/(crediting):		
Staff costs (including directors' emoluments)	**10,185**	32,232
Auditor's remuneration	**315**	514
Cost of inventories	**38,933**	48,365
Depreciation of property and equipment	**1,304**	4,372
Depreciation of right-of-use assets	**4,941**	10,036
Exchange (gain)/loss, net	**(4)**	5
Impairment loss recognised on trade receivables	**1,978**	1,464
Impairment loss recognised on property, plant and equipment	**–**	6,742
Impairment loss recognised on right-of-use assets	**–**	1,226

The carrying amounts of the assets and liabilities of the subsidiaries disposed at the date of disposal are disclosed in note 35.

10. LOSS FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Loss for the year has been arrived at after charging/(crediting):		
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**41,752**	32,282
— Contributions to defined contribution plans	**1,218**	1,117
— Share-based payment expenses	**24,913**	10,382
Total staff costs	**67,883**	43,781
Auditor's remuneration	**535**	336
Cost of inventories	**63,908**	28,583
Depreciation of property, plant and equipment	**4,727**	2,262
Depreciation of right-of-use assets	**2,912**	3,282
Amortisation of other intangible assets	**3,029**	2,130
Exchange (gain)/loss, net	**(81)**	14
Impairment loss recognised on trade receivables	**890**	290
Share-based payment expenses (non-employees related) *(Note i)*	**52,693**	67,090

Note i: During the year ended 31 December 2023, share-based payment expenses (non-employees related) included the equity-settled share-based payments relating to warrants granted by the Company and share options granted by the Company amounting to approximately HK$51,478,000 (2022: HK$66,923,000) and HK$1,215,000 (2022: HK$167,000) respectively. Details of the equity-settled share-based payments relating to warrants granted and share options granted by the Company are set out in note 29.

11. DIRECTORS' EMOLUMENTS

Certain directors of the Company received remuneration from the entities now comprising the Group during the reporting year 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 are set out below.

Year ended 31 December 2023

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonus *HK$'000*	Share-based payment expenses *(Note v)* *HK$'000*	Contributions to defined contribution plans *HK$'000*	Total *HK$'000*
Executive directors						
Mr. Liang Zihao	-	-	-	2,687	-	2,687
Mr. Sam Weng Wa Michael	-	-	-	2,687	-	2,687
Mr. Li Man Keung Edwin	-	-	-	2,687	-	2,687
Mr. Lau Wai Yan Lawson *(Note iii)*	-	932	-	2,687	18	3,637
Mr. Pan Wenyuan	120	-	-	2,687	-	2,807
Ms. Wu Yanyan *(Note i)*	-	-	-	2,687	-	2,687
Mr. Yeung Chun Yue David *(Note i and iii)*	-	-	-	2,687	-	2,687
Mr. Yip Shiu Hong *(Note iv)*	-	3,680	-	-	18	3,698
Non-executive director						
Mr. Wu Jianwei	-	-	-	2,687	-	2,687
Independent non-executive directors						
Mr. Tam Ka Hei Raymond	120	-	-	269	-	389
Mr. Yuen Chun Fai	120	-	-	269	-	389
Ms. Zhu Xiaohui	120	-	-	269	-	389
Mr. Ko Shu Ki Kenneth *(Note ii)*	120	-	-	269	-	389
	4,280	932	-	22,572	36	27,820

11. DIRECTORS' EMOLUMENTS *(Continued)*

Year ended 31 December 2022

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonus *HK$'000*	Share-based payment expenses *(Note v)* *HK$'000*	Contributions to defined contribution plans *HK$'000*	Total *HK$'000*
Executive directors						
Mr. Liang Zihao	–	–	–	368	–	368
Mr. Sam Weng Wa Michael	–	–	–	368	–	368
Mr. Li Man Keung Edwin	–	–	–	368	–	368
Mr. Lau Wai Yan Lawson *(Note iii)*	–	909	–	(477)	18	450
Mr. Pan Wenyuan	120	–	–	368	–	488
Ms. Wu Yanyan *(Note i)*	–	–	–	368	–	368
Mr. Yeung Chun Yue David *(Note i and iii)*	–	–	–	368	–	368
Non-executive director						
Mr. Wu Jianwei	–	–	–	368	–	368
Independent non-executive directors						
Mr. Tam Ka Hei Raymond	120	–	–	37	–	157
Mr. Yuen Chun Fai	120	–	–	37	–	157
Ms. Zhu Xiaohui	120	–	–	37	–	157
Mr. Ko Shu Ki Kenneth *(Note ii)*	41	–	–	37	–	78
	521	909	–	2,247	18	3,695

Note i: Ms. Wu Yanyan and Mr. Yeung Chun Yue David were appointed as executive directors of the Company on 29 August 2022.

Note ii: Mr. Ko Shu Ki Kenneth was appointed as an independent non-executive director of the Company on 29 August 2022.

Note iii: Mr. Lau Wai Yan Lawson and Mr. Yeung Chun Yue David were resigned as an executive director of the Company on 17 May 2023.

Note iv: Mr. Yip Shiu Hong was appointed as an executive director of the Company on 17 May 2023.

Note v: 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.

11. DIRECTORS' EMOLUMENTS *(Continued)*

During the year ended 31 December 2023 and 2022, 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 2023 and 2022.

During the year ended 31 December 2023, no director was granted share options, in respect of their services to the Group under the share option scheme (2022: certain directors were granted share options). Details of the share option scheme are set out in note 29 to the consolidated financial statements.

12. FIVE HIGHEST PAID EMPLOYEES

During the year ended 31 December 2023, the five highest paid individuals are the directors of the Company (2022: Nil), details of whose emoluments are set out in note 11 to the consolidated financial statements above. During the year ended 31 December 2022, the emoluments to the five highest paid employees are as follows:

	2023	2022
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	–	9,361
Contributions to defined contribution plans	–	90
Share-based payment expenses	–	8,097
	–	17,548

Their emoluments fell within the following bands is as follows:

	Number of employees	
	2023	2022
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	–	2
HK$4,000,001 to HK$4,500,000	–	1
HK$8,000,001 to HK$8,500,000	–	1

During the year ended 31 December 2023, 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 (2022: HK$8,097,000). There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the year ended 31 December 2023 and 2022.

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting year (2022: Nil).

14. LOSS PER SHARE

(a) From continuing and discontinued operations

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

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	**(124,186)**	(160,311)

	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**826,368**	678,114

During the reporting year, the Group has issued shares through share placing and subscription and the number of ordinary shares had been increased from 736,991,399 to 886,239,399. 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. LOSS PER SHARE *(Continued)*

(b) From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2023 ***HK$'000***	2022 *HK$'000* (Restated)
Loss for the year from continuing operations	**(106,402)**	(129,972)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

No diluted loss per share from continuing operations is presented for both years since the assumed exercise of the share options would result in a decrease in diluted loss per share.

(c) From discontinued operations

For the year end 31 December 2023, basic loss per share from discontinued operations was HK2.15 cents (2022: HK4.47 cents), which were calculated based on the loss from discontinued operations for the year of HK$17,784,000 (2022: HK$30,339,000) and the denominators detailed above.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Electric vehicle charging systems *HK$'000*	Total *HK$'000*
COST						
At 1 January 2022	5,226	71,106	11,325	–	3,630	91,287
Additions	9,394	–	1,508	–	14,889	25,791
Eliminated on de-consolidation of a subsidiary	(195)	–	(102)	–	–	(297)
Written-off	(745)	–	(89)	–	–	(834)
At 31 December 2022	13,680	71,106	12,642	–	18,519	115,947
Additions	757	–	1,139	2,777	24,389	29,062
Eliminated on de-consolidation of subsidiaries	(10,200)	–	(9,735)	–	–	(19,935)
At 31 December 2023	4,237	71,106	4,046	2,777	42,908	125,074
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS						
At 1 January 2022	2,868	63,898	8,890	–	370	76,026
Provided for the year	1,479	3,142	1,128	–	885	6,634
Provision for impairment loss	1,967	4,066	709	–	–	6,742
Eliminated on de-consolidation of subsidiaries	(195)	–	(86)	–	–	(281)
Eliminated on written-off	(745)	–	(89)	–	–	(834)
At 31 December 2022	5,374	71,106	10,552	–	1,255	88,287
Provided for the year	2,231	–	975	87	2,738	6,031
Eliminated on de-consolidation of subsidiaries	(6,158)	–	(8,923)	–	–	(15,081)
At 31 December 2023	1,447	71,106	2,604	87	3,993	79,237
CARRYING VALUES						
At 31 December 2023	2,790	–	1,442	2,690	38,915	45,837
At 31 December 2022	8,306	–	2,090	–	17,264	27,660

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

15. 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 2022. 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$5,635,000 and HK$24,211,000 respectively as at 31 December 2022. 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 16.8% as at 31 December 2022. The annual growth rate used is 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, management of the Group determined that the re-coverable amount of the CGU is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment, right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero.

Based on the value in use calculation and the allocation, an impairment of approximately HK$6,742,000 and HK$1,226,000, respectively, has been recognised against the carrying amount of property, plant and equipment and right-of-use assets during the year ended 31 December 2022.

Details of impairment assessment of property, plant and equipment of electric vehicles charging business are set out in note 18.

16. RIGHT-OF-USE ASSETS

The Group as lessee

	Leased properties *HK$'000*	Machineries *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
As at 31 December 2023				
Carrying amount	7,848	–	161	8,009
As at 31 December 2022				
Carrying amount	32,440	2,387	305	35,132
For the year ended 31 December 2023				
Depreciation charge	7,170	539	144	7,853
For the year ended 31 December 2022				
Depreciation charge	12,462	712	144	13,318
Impairment loss recognised	237	989	–	1,226

	2023 ***HK$'000***	2022 *HK$'000*
Expenses relating to short-term leases	**1,352**	1,280
Total cash outflow for leases	**7,809**	11,648
Additions to right-of-use assets	**–**	5,160
Elimination on disposal of subsidiaries	**19,270**	–

Details of impairment assessment are set out in note 15 and note 18.

16. RIGHT-OF-USE ASSETS *(Continued)*

The Group as lessee *(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:

	Lease liabilities recognised as at 31 December 2023	**Potential future lease payments not included in lease liabilities (undiscounted) 31 December 2023**	**Lease liabilities recognised as at 31 December 2022**	**Potential future lease payments not included in lease liabilities (undiscounted) 31 December 2022**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Factory — Hong Kong	**—**	**—**	10,899	—
Office — Hong Kong	**7,101**	**—**	32,425	—

16. 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 2023 and 2022 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 2023

	Termination option exercisable ***No. of leases***	**Termination option exercised** ***No. of leases***
Offices — Hong Kong	1	—
Additional lease liabilities recognised (HK$'000)		2,206

For the year ended 31 December 2022

	Termination option exercisable ***No. of leases***	**Termination option exercised** ***No. of leases***
Offices — Hong Kong	2	—
Additional lease liabilities recognised (HK$'000)		10,660

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 year ended 31 December 2023 and 2022, there is no such triggering event.

The Group as lessor

The Group leases out a number of motor vehicles under operating leases. The leases typically run for an initial period within one year (2022: nil). None of the leases includes variable lease payments. Details of the disaggregation of these motor vehicles under operating leases included within motor vehicles and the reconciliation of the carrying amount at the beginning and end of the period are set out in note 15.

17. OTHER INTANGIBLE ASSETS

	Software *HK$'000*	Development costs *HK$'000*	Technology *HK$'000*	Registered trademarks *HK$'000*	Patent *HK$'000*	Customer relationship *HK$'000*	Total *HK$'000*
COST							
At 1 January 2022	–	10,011	6,153	435	2,005	1,607	20,211
Additions	2,111	4,500	–	–	3	–	6,614
At 31 December 2022 and 1 January 2023	2,111	14,511	6,153	435	2,008	1,607	26,825
Additions	4,072	3,917	–	12	–	–	8,001
At 31 December 2023	6,183	18,428	6,153	447	2,008	1,607	34,826
AMORTISATION							
At 1 January 2022	–	66	872	19	272	356	1,585
Provided for the year	35	1,001	615	43	185	251	2,130
At 31 December 2022 and 1 January 2023	35	1,067	1,487	62	457	607	3,715
Provided for the year	478	1,451	615	51	183	251	3,029
At 31 December 2023	513	2,518	2,102	113	640	858	6,744
CARRYING VALUES							
At 31 December 2023	5,670	15,910	4,051	334	1,368	749	28,082
At 31 December 2022	2,076	13,444	4,666	373	1,551	1,000	23,110

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:

Software	10 years
Development costs	10 years
Registered trademarks	1-10 years
Patent	10 years
Technology	10 years
Customer relationship	5-10 years

Details of impairment assessment are set out in note 18.

18. GOODWILL

	Acquisition of Cornerstone EV
	HK$'000
COST	
At 1 January 2022, 31 December 2022 and 2023	30,080
CARRYING VALUES	
At 31 December 2023	30,080
At 31 December 2022	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	
	2023	2022
	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 17.00% (2022: 17.24%). Electric vehicle charging segment CGU's cash flows beyond the 10-year period are extrapolated using a steady 2.5% (2022: 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 2023 and 2022, management of the Group determines that there is no impairment on electric vehicle charging segment CGU.

19. INVENTORIES

	2023	2022
	HK$'000	*HK$'000*
Raw materials	**2,996**	4,743
Work in progress	**–**	31
Finished goods	**3,127**	2,949
	6,123	7,723

20. CONTRACT ASSETS AND CONTRACT LIABILITIES

		2023	2022
	Note	***HK$'000***	*HK$'000*
Contract assets	*(a)*	**14,220**	276
Contract liabilities	*(b)*	**1,056**	847

(a) Contract assets

	2023	2022
	HK$'000	*HK$'000*
Provision of installation service relating to electric vehicle charging-enabling infrastructure	**14,220**	276

Contract assets consist of unbilled amount resulting from provision of installation service relating to electric vehicle charging-enabling infrastructure when the revenue recognised exceeds the amount billed to the customers. The contract assets are transferred to trade receivables when the rights become unconditional.

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

20. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

(a) Contract assets *(Continued)*

Details of the impairment assessment of contract assets are set out in note 32. As at 31 December 2023, none of the Group's contract assets were impaired (2022: Nil).

Movements in contract assets

	2023	2022
	HK$'000	*HK$'000*
At the beginning of the reporting year	**276**	–
Additions for the year	**14,220**	276
Transferred to trade receivables for the year	**(276)**	–
At the end of the reporting year	**14,220**	276

(b) Contract liabilities

	2023	2022
	HK$'000	*HK$'000*
Provision of financial printing services on IPO projects	**–**	722
Provision of subscription service relating to electric vehicle charging	**1,009**	–
Provision of sale of electric charging tool and equipment to customers	**47**	–
Provision of installation service relating to electric vehicle charging-enabling infrastructure	**–**	125
	1,056	847

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

The contract liabilities above are due to the advance payment made by customers. A contract liability is the Group's obligation to render services to a customer for which the Group has received consideration from the customer. A contract liability is recognised by the Group when the customer pays consideration but before the Group renders the service to the customer.

20. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

(b) Contract liabilities *(Continued)*

Movements in contract liabilities

	2023	2022
	HK$'000	*HK$'000*
At the beginning of the reporting year	**847**	722
Recognised as revenue for the year	**(847)**	–
Additions for the year	**1,056**	125
At the end of the reporting year	**1,056**	847

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

21. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2023	2022
	HK$'000	*HK$'000*
Trade receivables		
— Contracts with customers	**35,929**	18,544
— Amounts due from related companies *(note 34)*	**—**	465
Less: provision for impairment of trade receivables	**(1,304)**	(2,179)
Trade receivables, net	**34,625**	16,830
Other receivables	**1,589**	1,949
Prepayments	**12,898**	4,051
Deposits	**6,989**	8,108
	21,476	14,108
Total	**56,101**	30,938
Analysed for reporting purposes as:		
Non-current assets	**5,047**	3,687
Current assets	**51,054**	27,251
	56,101	30,938

21. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

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.

The following is an aged analysis of trade receivables presented based on invoice date at the end of each reporting year is as follows:

	2023	2022
	HK$'000	*HK$'000*
0 to 30 days	**20,033**	10,716
31 to 60 days	**808**	2,418
61 to 90 days	**895**	1,246
Over 90 days	**14,193**	4,629
	35,929	19,009

As at 31 December 2023, included in the Group's trade receivables balance, are debtors with aggregate carrying amount of approximately HK$15,254,000 (2022: HK$8,334,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$10,418,000 (2022: HK$2,218,000) 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 ended 31 December 2023 and 2022 was as follows:

	2023	2022
	HK$'000	*HK$'000*
Balance at the beginning of the reporting year	**2,179**	845
Impairment losses recognised	**2,868**	1,754
Write-offs	**(645)**	(420)
Eliminated on disposal of subsidiaries	**(3,098)**	–
Balance at the end of the reporting year	**1,304**	2,179

As at 31 December 2023 and 2022, 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 32.

22. BANK BALANCES AND CASH

As at 31 December 2023, bank balances and cash carry interest at prevailing market rates ranging from 0.125% to 1.00% (2022: 0.001% to 1.00%) per annum.

Details of impairment assessment of bank balances are set out in note 32.

23. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables due to third parties	**26,841**	16,592
Trade payables due to related companies *(note 34)*	**–**	166
Trade payables	**26,841**	16,758
Accruals and other payables	**7,738**	11,017
Amounts due to related companies *(note 34)*	**787**	339
Receipts in advance for placing of shares	**–**	12,400
Deposits received	**1,440**	1,221
	9,965	24,977
Total	**36,806**	41,735

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:

	2023	2022
	HK$'000	*HK$'000*
0 to 30 days	**17,067**	9,736
31 to 60 days	**2,480**	4,621
61 to 90 days	**7,294**	2,401
	26,841	16,758

24. BANK AND OTHER BORROWINGS

At the end of the reporting year, the details of the bank and other borrowings of the Group are as follows:

	2023	2022
	HK$'000	*HK$'000*
Bank borrowings — secured	**–**	25,441
Other borrowings — secured	**57,720**	–
	57,720	25,441
Carrying amounts of the above bank and other borrowings are repayable:		
Within one year or repayable on demand	**–**	25,441
Within a period of more than two years but not exceeding five years	**57,720**	–
	57,720	25,441

The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's bank and other borrowings as at 31 December 2023 were all denominated in US$ (2022: all denominated in HK$).

As at 31 December 2023, other borrowings of HK$57,720,000 (2022: nil) are secured, guaranteed by several subsidiaries of the Company, interest-bearing and are repayable within 36 months from the date of drawdown.

As at 31 December 2022, the bank borrowings contain a repayment on demand clause and the amounts due is presented based on scheduled repayment dates set out in the loan agreements. The bank borrowings are drawn under banking facilities of subsidiaries of the Company. As at 31 December 2022, the banking facilities are secured and guaranteed by personal guarantees given by the directors, Li Man Keung Edwin, Liang Zihao and Wu Jianwei.

The Group's effective interest rates as at 31 December 2023 was 11.89% (2022: 3.38% per annum).

The Group regularly monitors its compliance with loan 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 32 to the consolidated financial statements. As at 31 December 2023 and 2022, none of the covenants relating to drawn down facilities had been breached.

24. BANK AND OTHER BORROWINGS *(Continued)*

As at 31 December 2023, the Group had total banking facilities of HK$155,610,000 (2022: HK$155,610,000) consisting of used banking facilities of HK$62,244,000 (2022: HK$27,000,000) and unused banking facilities of HK$93,366,000 (2022: HK$150,000,000).

Pledge of Assets

As at 31 December 2023 and 2022, the Group had the following categories of assets which had been pledged for the Group's other borrowings:

	2023	2022
	HK$'000	*HK$'000*
Property, plant and equipment	**45,837**	–
Contract assets	**14,220**	–
Trade receivables	**34,625**	–
Other receivables, prepayments and deposits	**21,476**	–
Bank balances	**17,817**	2,284
	133,975	2,284

25. LEASE LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Leases liabilities payable:		
Within one year	**2,715**	7,809
Within a period of more than one year but not more than two years	**2,738**	17,337
Within a period of more than two years but not more than five years	**2,602**	12,358
	8,055	37,504
Less: Amount due to settlement with 12 months shown under current liabilities	**(2,715)**	(7,809)
Amount due to settlement after 12 months shown under non-current liabilities	**5,340**	29,695

26. PROVISIONS

	2023	2022
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Non-current liabilities	**1,207**	2,799

	Reinstatement provisions
	HK$'000
At 1 January 2022	2,760
Provision recognised	39
At 31 December 2022	2,799
Provision recognised	3
Elimination on disposal of subsidiaries	(1,595)
At 31 December 2023	1,207

27. DEFERRED TAXATION

The following is the deferred tax assets (liabilities) recognised and movements thereon during the year ended 31 December 2023 and 2022:

	Tax losses *HK$'000*	**Accelerated accounting depreciation** *HK$'000*	**Accelerated tax depreciation** *HK$'000*	**Total** *HK$'000*
At 1 January 2022	–	4	(4,681)	(4,677)
Eliminated on de-consolidation of a subsidiary	–	(4)	–	(4)
Credit/(charge) to profit or loss	4,638	–	(1,156)	3,482
At 31 December 2022	4,638	–	(5,837)	(1,199)
Eliminated on de-consolidation of subsidiaries	–	–	87	87
Credit/(charge) to profit or loss	3,669	–	(3,584)	85
At 31 December 2023	8,307	–	(9,334)	(1,027)

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

	2023 ***HK$'000***	2022 *HK$'000*
Deferred tax assets	**8,307**	4,638
Deferred tax liabilities	**(9,334)**	(5,837)
	(1,027)	(1,199)

Deferred income tax assets are recognised for tax losses carry forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group has unused estimated tax losses of approximately HK$181,533,000 (2022: HK$165,001,000) and deductible temporary differences of HK$18,000 (2022: HK$813,000) available for offset against future profits as at 31 December 2023. No deferred tax asset has been recognised in respect of the unused tax losses of HK$131,186,000 (2022: HK$136,892,000) and deductible temporary differences of HK$18,000 (2022: HK$813,000) as at 31 December 2023 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

28. SHARE CAPITAL

		As at 31 December 2023		As at 31 December 2022	
		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		**100,000,000**	**1,000,000**	100,000,000	1,000,000
At the end of the reporting year		**100,000,000**	**1,000,000**	100,000,000	1,000,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At the beginning of the reporting year		**736,992**	**7,370**	607,791	6,078
Issue of shares pursuant to the share placing	*(a)*	**–**	**–**	39,520	395
Issue of shares pursuant to the share subscription	*(b)*	**–**	**–**	77,636	777
Issue of shares pursuant to the service contracts	*(c)*	**–**	**–**	8,997	90
Issue of shares pursuant to share option scheme		**48**	**–***	48	–*
Issue of shares pursuant to warrants agreement	*(d)*	**–**	**–**	3,000	30
Issue of shares pursuant to share subscription	*(e)*	**55,200**	**552**	–	–
Issue of shares pursuant to warrant agreement	*(f)*	**94,000**	**940**	–	–
At the end of the year		**886,240**	**8,862**	736,992	7,370

* *Represent the amount less than HK$1,000*

28. SHARE CAPITAL *(Continued)*

Note:

(a) On 31 May 2022, an aggregate of 39,520,000 placing shares have been successfully placed at the placing price of HK$0.62 per placing share pursuant to the terms and conditions of the placing agreement. Pursuant to the terms of the placing agreement, 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$1,225,000 has been paid to placing agents during the year ended 31 December 2022.

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

(b) On 31 May 2022, an aggregate of 45,316,000 subscription shares have been issued and allotted to the subscribers at the subscription price of HK$0.62 per subscription share pursuant to the terms and conditions of the deed of settlement of debt.

In addition, on 13 July 2022, an aggregate of 32,320,000 subscription shares have been issued and allotted to the subscriber at the subscription price of HK$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement.

(c) On 31 May 2022, an aggregate of 5,997,905 and 2,998,953 emolument shares have been issued and allotted to the chief executive officer and chief operating officer of the Company respectively pursuant to the terms and conditions of the service contracts.

(d) On 14 December 2022, an aggregate of 3,000,000 warrant shares have been issued and allotted to the subscriber at the subscription price of HK$0.50 per subscription share pursuant to the terms and conditions of the subscription agreement of the warrants.

(e) On 6 March 2023, an aggregate of 20,000,000 subscription shares have been issued and allotted to the subscriber at the subscription price of HK$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement. In addition, on 30 May 2023, an aggregate of 35,200,000 subscription shares have been issued and allotted to the subscribers at the subscription price of HK$1.144 per subscription share pursuant to the terms and conditions of the subscription agreement.

(f) On 5 January 2023, 3 March 2023 and 17 August 2023, an aggregate of 16,000,000 warrant shares, an aggregate of 16,000,000 warrant shares and an aggregate of 62,000,000 warrant shares have been issued and allotted to the subscriber at the subscription price of HK$0.50 per subscription share pursuant to the terms and conditions of the subscription agreement of the warrants respectively.

29. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Warrants

During the year ended 31 December 2023, the Group entered into a Green Loan Facility Agreement with Abax Asian Structured Private Credit Fund 2022, LP (the "Abax"), an independent company, for a term loan facility with a limit of US$20,000,000 (the "US$20 million Loan Facility"). The loans under the US$20 million Loan Facility will be secured, interest at floating rate and are repayable within 36 months from the date of drawdown.

In consideration of the granting of the US$20 million Loan Facility by the Lender to the Group, the Group has entered subscription agreement with the Lender pursuant to which the Group agreed to issue to Abax an aggregate of 100,000,000 warrants at the initial warrant subscription price of HK$0.80 per warrant share. Each warrant carries the right to subscribe for one ordinary share at the initial warrant subscription price. The subscription rights attaching to the warrants may be exercised at any time during the five-year period commencing from the date of issue of the warrants.

Pursuant to the subscription agreement, 100,000,000 warrants were issued to Abax on 16 October 2023. The estimated fair value of warrants granted on that date is HK$51,478,000 which was arrived on the basis of valuation carries out by Royson Valuation Advisory Limited, an independent qualified professional valuer not connected to the Group.

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

Fair value (HK$)	0.5148
Exercise price (HK$)	0.8
Expected volatility	94.49%
Expected life (years)	5
Risk-free rate	3.99%
Expected dividend yield	0%

During the year ended 31 December 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.

29. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Warrants *(Continued)*

In consideration of the granting of the Green Loan Facility by the Lender to the Group, the Group has entered subscription agreement and supplement agreement to subscription agreement with the related company (the "Subscriber A") of the Lender pursuant to which the Group agreed to issue to Subscriber A an aggregate of 120,000,000 Subscriber A warrants at the initial warrant subscription price of HK$0.50 per warrant share. Each warrant carries the right to subscribe for one ordinary share at the initial warrant subscription price. The subscription rights attaching to the warrants may be exercised at any time during the five-year period commencing from the date of issue of the warrants.

Pursuant to subscription agreement, 120,000,000 warrants were issued to Subscriber A during the year ended 31 December 2022. During the year ended 31 December 2022, warrants were issued on 7 November 2022. The estimated fair value of warrants granted on that date is HK$66,923,000 which was arrived on the basis of valuation carries out by Royson Valuation Advisory Limited, an independent qualified professional valuer not connected to the Group.

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

Fair value (HK$)	0.5577
Exercise price (HK$)	0.5
Expected volatility	88.04%
Expected life (years)	5
Risk-free rate	4.10%
Expected dividend yield	0%

The equity-settled share-based payments relating to warrants granted by the Company, amounted to approximately HK$51,478,000, was charged to share-based payment expenses in profit or loss during the year ended 31 December 2023 (2022: HK$66,923,000).

During the year ended 31 December 2023, an aggregate of 94,000,000 warrant shares have been issued and allotted to Subscriber A pursuant to the terms and conditions of the subscription agreement (2022: 3,000,000). Further details of the issue of shares are set out in note 28 to the consolidated financial statements.

29. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

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.

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.

29. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

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"), no share options (2022: 60,200,000) has been granted to eligible participants of the Group during the year ended 31 December 2023.

Details of movements in the Company's share options for the year ended 31 December 2023 and 2022:

As at 31 December 2023	Category	Date granted	Exercisable period (both dates inclusive)	Exercise price HK$/ share	Outstanding as 1 January 2023	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 December 2023
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	1,964,000	–	(48,000)	–	1,916,000
Consultant	I	28 January 2021	From 27 July 2021 to 27 January 2031	0.54	1,760,000	–	–	–	1,760,000
Employees	II	28 January 2021	From 27 July 2021 to 27 January 2031	0.54	1,116,000	–	–	–	1,116,000
Employees	I	17 June 2022	From 17 June 2023 to 16 June 2032	0.85	1,700,000	–	–	(100,000)	1,600,000
Consultants	I	17 June 2022	From 17 June 2023 to 16 June 2032	0.85	300,000	–	–	–	300,000
Directors	II	17 November 2022	From 17 November 2023 to 16 November 2032	0.79	50,400,000	–	–	–	50,400,000
Senior Management	II	17 November 2022	From 17 November 2023 to 16 November 2032	0.79	1,200,000	–	–	–	1,200,000
Employees	II	17 November 2022	From 17 November 2023 to 16 November 2032	0.79	3,600,000	–	–	–	3,600,000
Consultants	II	17 November 2022	From 17 November 2023 to 16 November 2032	0.79	3,000,000	–	–	–	3,000,000
Total					81,100,000	–	(48,000)	(100,000)	80,952,000

29. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

As at 31 December 2022	Category	Date granted	Exercisable period (both dates inclusive)	Exercise price HK$/ share	Outstanding as 1 January 2022	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 December 2022
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	2,108,000	–	(48,000)	(96,000)	1,964,000
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 1 April 2022 to 27 January 2031	0.54	3,300,000	–	–	(3,300,000)	–
Employees	II	28 January 2021	From 1 April 2022 to 27 January 2031	0.54	4,284,000	–	–	(3,168,000)	1,116,000
Employees	I	17 June 2022	From 17 June 2023 to 16 June 2032	0.85	–	1,700,000	–	–	1,700,000
Consultants	I	17 June 2022	From 17 June 2023 to 16 June 2032	0.85	–	300,000	–	–	300,000
Directors	II	17 November 2022	From 17 November 2023 to 16 November 2032	0.79	–	50,400,000	–	–	50,400,000
Senior Management	II	17 November 2022	From 17 November 2023 to 16 November 2032	0.79	–	1,200,000	–	–	1,200,000
Employees	II	17 November 2022	From 17 November 2023 to 16 November 2032	0.79	–	3,600,000	–	–	3,600,000
Consultants	II	17 November 2022	From 17 November 2023 to 16 November 2032	0.79	–	3,000,000	–	–	3,000,000
Total					27,512,000	60,200,000	(48,000)	(6,564,000)	81,100,000

No option has been granted under the Scheme during the year ended 31 December 2023. During the year ended 31 December 2022, share options were granted on 17 June 2022 and 17 November 2022 to certain directors of the Company and certain employees of the Group (the “2022 Options”). During the year ended 31 December 2021, share options were granted on 28 January 2021 to certain directors of the Company and certain employees of the Group (the “2021 Options”). The estimated fair values of share options granted on those date are HK$835,000 and HK$29,321,000 respectively (2021 Options: HK$8,811,000) which was arrived on the basis of valuation carries out by Royson Valuation Advisory Limited, an independent qualified professional valuer not connected to the Group.

29. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

	2022 Options					
	Category I	Category I	Category II	Category II	Category II	Category II
	Employees	Consultants	Directors	Senior Management	Employees	Consultants
Fair value	0.4173	0.4173	0.5093	0.5093	0.4607	0.4607
Exercise price	0.85	0.85	0.79	0.79	0.79	0.79
Expected volatility	65.53%	65.53%	80.17%	80.17%	80.17%	80.17%
Expected life (years)	10	10	10	10	10	10
Risk-free rate	3.01%	3.01%	3.56%	3.56%	3.56%	3.56%
Expected dividend yield	0%	0%	0%	0%	0%	0%

	2021 Options				
	Category I	Category I	Category I	Category II	Category II
	Directors	Employees	Consultant	Director	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%

29. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

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 of 2022 Options — 100% of the Options will be vested on, and exercisable from, the twelfth month of the Date of Grant;

(ii) Category II of 2022 Options — 100% of the Options will be vested on, and exercisable from, the twelfth month of the meeting their respective performance target;

(iii) Category I of 2021 Options — 100% of the Options will be vested on, and exercisable from, the sixth month of the Date of Grant; and

(iv) Category II of 2021 Options — 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 relating to share options granted by the Company, amounted to approximately HK$26,128,000, was charged to share-based payment expenses in profit or loss during the year ended 31 December 2023 (2022: HK$2,452,000).

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.

Obligation to pay long service payment (the "LSP") under Hong Kong Employment Ordinance (Chapter 57)

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement').

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group's LSP liability with respect to employees that participate in MPF Scheme.

31. 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 2023 and 2022.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2023	2022
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**80,804**	39,397
Financial liabilities — Amortised cost	**94,448**	67,305
Lease liabilities	**8,055**	37,504

Financial risk management objectives and policies

The Group's major financial instruments comprise of contract assets, trade and other receivables, deposits, amounts due from related companies, bank balances and cash, trade and other payables, amounts due to related companies, and former director/directors, bank and other borrowings, loan from shareholders and lease liabilities. 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.

Currency risk

During the years ended 31 December 2023 and 2022, several subsidiaries of the Company and the Company have foreign currency transactions and foreign currency borrowings, which expose the Group to foreign currency risk.

The management considers the foreign exchange risk with respect to US$ is not significant as HK$ is pegged to US$ and transactions denominated in US$ are mainly carried out by entities with the functional currency of HK$.

As at 31 December 2023 and 2022, 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.

32. FINANCIAL INSTRUMENTS *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the fixed-rate bank deposits. However, management considers the fair value interest rate risk is insignificant as they are relatively short-term.

The Group is mainly exposed to cash flow interest rate risk in relation to floating-rate bank balances and bank and other borrowings as at 31 December 2023 and 2022. It is the Group's policy to keep its bank balances and bank and other borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

For the years ended 31 December 2023 and 2022, the Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate arising from the Group's floating rate bank and other borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for floating-rate borrowings and bank balances at the end of the reporting period. The analysis is prepared assuming the outstanding amount at the end of the reporting period was outstanding for the whole year.

For the years ended 31 December 2023 and 2022, 50 basis points increase or decrease for borrowings and bank balances is used, when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates for borrowings and bank balances.

If interest rates had been higher/lower as indicated above, and all other variables were held constant, the Group's post-tax loss for the year would increase/decrease by approximately HK$187,000 (2022: post-tax loss for the year would increase/decrease by approximately HK$89,000).

32. FINANCIAL INSTRUMENTS *(Continued)*

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.

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 2023, the Group had concentration of credit risk as approximately 24% (2022: 17%) of the total trade receivables and contract assets was due from the Group's largest customer and approximately 61% (2022: 50%) of the total trade receivables and contract assets was due from the Group's five largest customers.

32. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

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

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 2023 and 2022.

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$2,868,000 (2022: HK$1,754,000).

The Group does not hold any collateral over trade receivables as at 31 December 2023 and 2022.

32. 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	
	2023	2022
Current (not past due)	**0%**	3%
1-30 days past due	**6%**	5%
31-60 days past due	**7%**	9%
61-90 days past due	**8%**	18%
More than 90 days past due	**16%**	51%

32. 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 2023 and 2022. There was no change in the estimation techniques or significant assumptions made during the year ended 31 December 2023 and 2022.

Bank balances

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

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

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

32. 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:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	**2023 Gross carrying amount** ***HK$'000***	2022 Gross carrying amount *HK$'000*
Trade receivables	*21*	N/A	Low risk *(Note i)*	Lifetime ECL — not credit-impaired	**20,681**	10,675
		N/A	Watch list *(Note i)*	Lifetime ECL — not credit-impaired	**4,830**	6,116
		N/A	Doubtful *(Note i)*	Lifetime ECL — not credit-impaired	**10,418**	2,218
Contract assets	*20*	N/A	Low risk *(Note ii)*	Lifetime ECL — not credit-impaired	**14,220**	276
Other receivables and deposits	*21*	N/A	Low risk *(Note ii)*	12m ECL	**8,578**	10,057
Bank balances	*22*	BBB+ to AA-	N/A	12m ECL	**23,381**	10,503

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 2023, approximately HK$2,868,000 net impairment loss allowance (2022: HK$1,754,000) related to trade receivables was recognised in profit or loss.

32. 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 January 2022	845
Changes due to trade receivables recognised at 1 January 2022:	
Impairment loss recognised	1,754
Write-offs	(420)
At 31 December 2022	2,179
Changes due to trade receivables recognised at 1 January 2023:	
Impairment loss recognised	2,868
Write-offs	(645)
Eliminated on disposal of subsidiaries	(3,098)
At 31 December 2023	1,304

(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 and other 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.

32. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	On demand	1-3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2023							
Non-derivative financial liabilities							
Trade and other payables	**N/A**	**–**	**36,202**	**–**	**–**	**36,202**	**36,202**
Bank and other borrowings	**11.89**	**–**	**1,296**	**3,860**	**72,524**	**77,680**	**57,720**
Amounts due to former director/ directors	**N/A**	**–**	**526**	**–**	**–**	**526**	**526**
Lease liabilities	**4.97**	**–**	**767**	**2,287**	**5,610**	**8,664**	**8,055**
		–	**38,791**	**6,147**	**78,134**	**123,072**	**102,503**
As at 31 December 2022							
Non-derivative financial liabilities							
Trade and other payables	N/A	–	36,839	–	–	36,839	36,839
Bank and other borrowings	3.38	32,029	–	–	–	32,029	25,441
Amounts due to former director/ directors	N/A	–	5,025	–	–	5,025	5,025
Lease liabilities	4.97	–	2,636	6,919	32,535	42,090	37,504
		32,029	44,500	6,919	32,535	115,983	104,809

32. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

As at 31 December 2023, other borrowings of HK$57,720,000 are repayable within 36 months from the date of drawdown. As at 31 December 2022, the aggregate carrying amount of bank borrowings approximately HK$25,441,000 with a repayment on demand clause is included in the "Repayable on demand" time band in the above maturity analysis. 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 borrowings of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

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

	Weighted average effective interest rate	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*
Bank and other borrowings:							
As at 31 December 2023	11.89	1,296	3,860	72,524	–	77,680	57,720
As at 31 December 2022	3.38	228	1,326	13,931	16,544	32,029	25,441

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 2023 and 2022.

33. 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.

	Amounts due to former director/ directors	Bank and other borrowings	Lease liabilities	Loan from shareholders	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2022	–	67	55,079	28,100	83,246
Financing cash flows *(note)*	5,025	25,280	(11,648)	(4)	18,653
Finance cost	–	94	–	–	94
Issue of shares	–	–	–	(28,096)	(28,096)
New lease entered	–	–	5,154	–	5,154
Termination of lease	–	–	(484)	–	(484)
Lease modification	–	–	(10,597)	–	(10,597)
At 31 December 2022	5,025	25,441	37,504	–	67,970
Financing cash flows *(note)*	2,772	56,061	(7,809)	–	51,024
Finance cost	–	1,666	–	–	1,666
Elimination on disposal of subsidiaries	(7,271)	(25,448)	(21,640)	–	(54,359)
At 31 December 2023	526	57,720	8,055	–	66,301

Note: The financing cash flows represented the net amount of advance from former director/directors, repayment of loan from shareholders and bank and other borrowings and lease liabilities.

34. RELATED PARTY TRANSACTIONS

(a) Details of related parties balances are as follows:

Name of related parties	**Balance** **2023** *HK$'000*	2022 *HK$'000*
Amounts due to former director/directors:		
Mr. Yeung Chun Yue David *(Note i)*	**526**	1,025
Mr. Liang Zihao *(Note i)*	**–**	4,000
	526	5,025
Balances included in "trade receivables":		
Amounts due from related companies *(note (ii), note 21)*	**–**	465
Balances included in "trade payables":		
Trade payables due to related companies *(note (ii), note 23)*	**–**	166
Balances included in "other payables":		
Amounts due to related companies *(note (iii), note 23)*	**787**	339

Note:

(i) These balances are unsecured, interest free and repayable on demand.

(ii) These balances are unsecured, interest free and to be settle according to the relevant trading terms.

(iii) These balances are unsecured, interest free and repayable on demand.

34. 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 2023 and 2022:

	2023	2022
	HK$'000	*HK$'000*
Commercial printing service income from related companies	**438**	42
Financial printing service income from related companies	**549**	457
Other service income from related companies	**88**	642
Advisory service fee to related companies	**619**	1,652
Administrative and other operating expenses to related companies	**1,102**	2,414

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

	2023	2022
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**12,567**	10,802
Contributions to defined contribution retirement scheme	**133**	131
Share-based payment expenses	**23,112**	10,486
	35,812	21,419

Further details of the directors' emoluments are set out in note 11 to the consolidated financial statements.

35. DISPOSAL OF SUBSIDIARIES/A SUBSIDIARY

On 15 August 2023, the Company entered into a sale and purchase agreement (the "S&P Agreement") with Castle Noble International Limited, as purchaser, being a connected person of the Company. Castle Noble International Limited is beneficially wholly-owned by Mr. Liang Zihao, an executive Director and a controlling Shareholder of the Company, Pursuant to S&P Agreement, which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire issued share capital of two subsidiaries of the Company, together with their respective subsidiaries (the "Disposed Subsidiaries") which were engaged in the Printing Business, for a cash consideration of HK$1. The disposal has been completed on 31 December 2023.

	2023 ***HK$'000***
Consideration received	**–***
Plant and equipment	**4,854**
Right-of-use assets	**19,270**
Inventories	**1,602**
Other assets	**761**
Bank balances and cash	**1,667**
Trade and other receivables, prepayments and deposits	**9,218**
Trade and other payables	**(11,524)**
Bank borrowings	**(25,448)**
Lease liabilities	**(21,640)**
Provisions	**(1,595)**
Other liabilities	**(7,503)**
Net liabilities disposed of	**(30,338)**
Gain on disposal of subsidiaries:	
Consideration received	**–***
Non-controlling interests	**1,737**
Net liabilities disposed of	**(30,338)**
Gain on disposal of subsidiaries	**(28,601)**
Net cash outflow arising from disposal of subsidiaries	**(1,667)**

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

35. DISPOSAL OF SUBSIDIARIES/A SUBSIDIARY *(Continued)*

During the year ended 31 December 2022, the Company entered into a sale and purchase agreement with Lau Wai Yan Lawson, an executive director of the Company to dispose 100% entire share capital of a indirectly wholly owned subsidiary, Teamco Translation Limited, at a total consideration of HK$1 ("the Disposal"). The Disposal was completed during the year ended 31 December 2022.

Gain on disposal of a subsidiary are as follows:

	2022
	HK$'000
Consideration received	**–***
Property, plant and equipment	**16**
Bank balances and cash	**336**
Other current assets	**905**
Other current liabilities	**(1,257)**
Net liabilities disposed of	**–***
Gain on disposal of a subsidiary:	
Consideration received	**–***
Net liabilities disposed of	**–***
Gain on disposal of a subsidiary	**–***
Net cash outflow arising from disposal of a subsidiary	**336**

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

36. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY

Particulars of major subsidiaries of the Company at 31 December 2023 and 2022 are as follows:

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Attributable equity interest of the Group as at 31 December		Principal activities
				2023	2022	
Directly held						
Elegance Printing Holding Limited ("Elegance Printing Holding BVI")[3]	The BVI	8 February 2017	United States dollar ("US$") 11	**–**	100%	Investment holding
Elegance Printing Services Holding Limited ("Elegance Printing Services Holding BVI")[3]	The BVI	14 February 2017	US$11	**–**	100%	Investment holding
Cornerstone EV Holdings Limited (formerly known as Qing Heng Investment Limited)	The BVI	6 June 2018	US$1	**100%**	100%	Investment holding
Indirectly held						
Elegance Printing Company Limited[3]	Hong Kong	15 April 1992	HK$17,893,428	**–**	100%	Provision of printing services
Elegance Finance Printing Services Limited[3]	Hong Kong	15 December 1994	HK$1,000	**–**	100%	Provision of printing services, typesetting services, marketing and media services and investment holding
Elegance Document Solutions Limited[3]	Hong Kong	31 October 1998	HK$5,000,000	**–**	100%	Sales of paper and accessories, provision of courier services and machineries subletting to group companies
Teamco Translation Limited[2]	Hong Kong	28 November 1997	HK$1,500,000	**–**	–	Provision of translation services

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

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Attributable equity interest of the Group as at 31 December 2023	2022	Principal activities
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[(1), (3)]	Hong Kong	7 May 2021	HK$1,000	**–**	75%	Provision of corporate communication, typesetting, design, translation and printing services
Cornerstone E-Fleet Management Limited[(4)]	Hong Kong	9 March 2023	HK$1,000	**100%**	—	Leasing

(1) 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.

(2) The company was disposed during the year ended 31 December 2022.

(3) These companies were disposed during the year ended 31 December 2023.

(4) Cornerstone E-Fleet Management Limited is a wholly owned subsidiary which newly incorporated on 9 March 2023.

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

None of the subsidiaries had issued any debt securities at 31 December 2023 and 2022 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.

As at 31 December 2023 and 2022, equity interests of certain of the Company's subsidiaries have been pledged for securing the Group's green loan facilities.

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	
		2023	2022	**2023**	2022	**2023**	2022
				HK$000	*HK$000*	***HK$000***	*HK$000*
Elegance Financial Communications Limited *(note)*	Hong Kong	**–**	25%	**(230)**	(872)	**–**	(1,507)

Note: The Company was disposed during the year ended 31 December 2023.

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 and disposal.

37. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Elegance Financial Communications Limited

	2023	2022
	HK$'000	*HK$'000*
Current assets	**5,365**	3,648
Current liabilities	**(12,312)**	(9,674)
Equity attributable to the owners of the Company	**(5,210)**	(4,519)
Non-controlling interests	**(1,737)**	(1,507)
Revenue	**18,049**	12,238
Other income	**25**	361
Expenses	**(18,995)**	(16,087)
Loss and total comprehensive expense for the year	**(921)**	(3,488)
Loss and total comprehensive expense for the year attributable to:		
Owner of the Company	**(691)**	(2,616)
Non-controlling interests	**(230)**	(872)
	(921)	(3,488)
Net cash used in operating activities	**(148)**	(3,268)
Net cash used in investing activities	**(2,662)**	(260)
Net cash from financing activities	**2,218**	4,029
Net cash (outflow)/inflow	**(592)**	501

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:

	2023	2022
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	**—***	—*
Amount due from a subsidiary	**239,447**	112,150
	239,447	112,150
Current assets		
Amounts due from subsidiaries	**39,063**	63,390
Amount due from a director	**—**	1,000
Other receivables	**1,440**	250
Bank balances	**17,946**	406
	58,449	65,046
Current liabilities		
Other payables	**5,025**	14,266
Amounts due to former director/directors	**—**	5,025
	5,025	19,291
Net current assets	**53,424**	45,755
Total assets less current liabilities	**292,871**	157,905
Non-current liability		
Borrowings	**57,720**	—
NET ASSETS	**235,151**	157,905
Capital and reserves		
Share capital	**8,862**	7,370
Reserves	**226,289**	150,535
TOTAL EQUITY	**235,151**	157,905

* *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 28 March 2024 and signed on its behalf by

LIANG Zihao	**LI Man Keung Edwin**
Director	*Director*

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

Movement in the Company's reserves

	Share premium	Share-based payments reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2022	122,157	8,048	(38,378)	91,827
Loss and total comprehensive expense for the year	–	–	(90,410)	(90,410)
Issue of shares pursuant to the share placing	22,882	–	–	22,882
Issue of shares pursuant to the share subscription	47,358	–	–	47,358
Issue of shares pursuant to the service contracts	8,007	(8,097)	–	(90)
Issue of shares pursuant to the warrants agreement	3,143	(1,673)	–	1,470
Issue of shares pursuant to the share option scheme	40	(14)	–	26
Recognition of equity-settled share based payment	–	77,472	–	77,472
At 31 December 2022	203,587	75,736	(128,788)	150,535
Loss and total comprehensive expense for the year	–	–	(99,982)	(99,982)
Issue of shares pursuant to the share subscription	52,044	–	–	52,044
Issue of shares pursuant to the warrants agreement	98,483	(52,423)	–	46,060
Issue of shares pursuant to the share option scheme	39	(13)	–	26
Recognition of equity-settled share based payment	–	77,606	–	77,606
At 31 December 2023	354,153	100,906	(228,770)	226,289

Financial Summary

A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years/period is as follows.

Results of the Group

	For the year ended 31 December 2023 HK$'000	For the year ended 31 December 2022 HK$'000	For the year ended 31 December 2021 HK$'000	For the nine months ended 31 December 2020 HK$'000	For the year ended 31 March 2020 HK$'000
Revenue	**78,132**	31,826	55,032	40,909	64,278
Loss before tax	**(106,578)**	(132,242)	(60,933)	(32,058)	(17,268)
Income tax credit/(expense)	**172**	2,266	(1,066)	1,587	985
Loss and total comprehensive expense for the year/period	**(106,406)**	(129,976)	(61,999)	(30,471)	(16,283)
Loss and total comprehensive expense for the year/period attributable to owners of the Company	**(106,402)**	(192,972)	(61,364)	(30,471)	(16,330)

Assets and liabilities of the Group

	As at 31 December	As at 31 December			As at 31 March
	2023	2022	2021	2020	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	**125,362**	124,307	124,401	89,892	58,780
Current assets	**94,778**	45,772	45,613	49,571	67,916
Total assets	**220,140**	170,079	170,014	139,463	126,696
Current liabilities	**41,103**	80,857	56,868	47,566	21,790
Non-current liabilities	**73,601**	38,331	51,478	28,441	29,830
Net assets	**105,436**	50,891	61,668	63,456	75,076