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CORNERSTONE TECHNOLOGIES HOLDINGS LIMITED **基石科技控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8391)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Cornerstone Technologies Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the interim results of the Group for the six months ended 30 June 2021. This announcement, containing the full text of the interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of the interim results.

On behalf of the Board

Cornerstone Technologies Holdings Limited

LIANG Zihao

Co-Chairman and Executive Director

Hong Kong, 13 August 2021

As at the date of this announcement, the executive Directors are Mr. LIANG Zihao, Mr. SAM WENG WA Michael, Mr. LI Man Keung Edwin, Mr. LAU Wai Yan Lawson and Mr. PAN Wenyuan, the non-executive Director is Mr. WU Jianwei and the independent non-executive Directors are Mr. TAM Ka Hei Raymond, Mr. YUEN Chun Fai and Ms. ZHU Xiaohui.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website of The Stock Exchange of Hong Kong Limited at <http://www.hkgem.com> and The Stock Exchange of Hong Kong Limited’s website at www.hkexnews.hk “Latest Listed Company Information” page for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.cstl.com.hk.

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This report, for which the directors (the “Directors”) of Cornerstone Technologies Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Liang Zihao (*Co-chairman of the Board and Chief Executive Officer*)

Mr. Sam Weng Wa Michael

Mr. Li Man Keung Edwin

Mr. Lau Wai Yan Lawson

Mr. Pan Wenyan (*Note*)

NON-EXECUTIVE DIRECTOR

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Ka Hei Raymond

Mr. Yuen Chun Fai

Ms. Zhu Xiaohui

COMPLIANCE OFFICER

Mr. Liang Zihao

AUTHORISED REPRESENTATIVES

Mr. Liang Zihao

Mr. Chu Pui Ki Dickson

AUDIT COMMITTEE

Mr. Yuen Chun Fai (*Chairman*)

Mr. Tam Ka Hei Raymond

Ms. Zhu Xiaohui

REMUNERATION COMMITTEE

Ms. Zhu Xiaohui (*Chairman*)

Mr. Liang Zihao

Mr. Tam Ka Hei Raymond

NOMINATION COMMITTEE

Mr. Tam Ka Hei Raymond (*Chairman*)

Mr. Liang Zihao

Mr. Yuen Chun Fai

Ms. Zhu Xiaohui

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson (*CPA*)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rm 2402, China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Note: Appointed on 22 March 2021

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER AGENT**

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

**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

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

COMPLIANCE ADVISER

Dakin Capital Limited ^(Note)
Suites 4505-06, 45/F.
Tower 1, Lippo Centre
89 Queensway, Hong Kong

AUDITOR

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

STOCK CODE

8391

WEBSITE

www.cstl.com.hk

Note: The appointment had been completed on 31 July 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Electric vehicle charging business

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

Our EV charging business is supported by our research and development division located at Unit K, 26th Floor, Maxgrand Plaza, 3 Tai Yau Street, San Po Kong, Hong Kong. The team is experienced and reputable in the field of mechanical and electrical engineering. Our strong research and development division with execution capabilities and a proven track record is our main engine to keep innovating so as to gain and maintain our competitive edge and adapt the constant fast-changing technology market. Cornerstone Charging  CHARGING has a competitive market position as it is one of the major EV charging service providers in Hong Kong. Cornerstone Charging  CHARGING has been approved as an authorised EV charger supplier by a reputable Japanese automobile manufacturer. This approval is considered a recognition of the quality of our EV chargers.

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

For private charging facilities, the government targeted to have at least 150,000 parking spaces in private and commercial buildings equipped with EV charging infrastructure before 2025, to support mainly EV and certain e-light goods vehicles. In particular, the HK\$2 billion EV-charging at Home Subsidy Scheme (“EHSS”) aimed at assisting car park of private residential buildings to install EVCEI covering 60,000 parking spaces opened for application in October 2020. The responses to the EHSS are overwhelming. Up to May 2021, the total amount of subsidies reserved for applications received has reached the ceiling of the total funding of EHSS. The received applications cover not less than 74,000 parking spaces.

During the six months ended 30 June 2021, Cornerstone Charging  CHARGING has secured EV charging projects for various prestigious residential and its associated properties in Hong Kong with affordable monthly subscription fees plan and energy-based charging scheme.

In May 2021, Cornerstone Charging  CHARGING has entered into a collaboration agreement with Hyundai Hong Kong Company Limited to cross-promote the Cornerstone Charging  CHARGING’s EV chargers and Hyundai’s EV model – Kona EV.



Cornerstone Charging **CHARGING** is always strives to innovate total solutions that are environmental friendly. In April 2021, our new EV charger, Chargic, which is made using 30-50% recyclable polycarbonate, has won the Green Product/Graphic Design 2021 from Green Good Design award.

While Cornerstone Charging **CHARGING** has been focusing on “Destination Charging”, allowing users to charge their EVs at home, we have now made “Opportunity Charging” available for those who need to charge up while they are on the go. Our 30kW direct current (“DC”) chargers have been installed at Shek Yam Shopping Centre at Lei Muk Road. By charging for 30 minutes, the EV private car drivers will be able to drive for another 100km. We have our customers in mind, more convenient plans and locations will continue to be rolled out to meet the needs of the public.



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

During the six months ended 30 June 2021, Cornerstone Charging  CHARGING has continued to support the system development of a government project which is a back-end system of a smart parking system to monitor the operation of 1,800 EV chargers in a number of government carparks. The smart parking system will provide real-time information on parking vacancy, EV charging status, etc. The project also includes the development of major mobile applications which is a platform for EV drivers to locate nearby vacant public chargers and the type of chargers as they are on the road. The target to complete the overall system development of the project is the first quarter of 2022.

During the six months ended 30 June 2021, Cornerstone Charging  CHARGING has completed the installation of DC charging facilities at one of the designated bus depots for The Kowloon Motor Bus Company (1933) Limited in Hong Kong. Cornerstone Charging  CHARGING offers dual-standards DC charging facilities with power up to 200kw which are capable to re-charge the batteries of the battery-electric buses (“eBuses”) in a short period of time. The DC charging facilities are supported by a central management system to monitor usage and charging. The system allows multiple operating fleet staff to log in to monitor at more than one depot that are located at separate locations, gaining data on users behavior.



Printing business

Our printing business enters its fourth decade, we must evolve to meet the financial sector’s new paradigms and to offer our valuable clients an even broader spectrum of services. To underpin our rapidly growing business, our printing business therefore be repositioned and rebranded, starting the new journey by naming as Elegance Financial Communications Limited. The office remains the location at Shun Tak Centre on top of Sheung Wan MTR station and our in-house printing production factory located at 7th Floor, Oceanic Industrial Centre, 2 Lee Lok Street, Hong Kong, with a usable area of approximately 32,000 sq. feet, as well as our in-house translation team in Hong Kong, which enables us to maintain timely and responsive printing and translation services to our commercial and financial printing customers.

OUTLOOK

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

The government unveiled the Clean Air Plan for Hong Kong 2035, setting out the vision of “Healthy Living • Low-carbon Transformation • World Class”, and the challenges, goals and strategies to enhance the air quality of Hong Kong to 2035. The 2050 roadmap for EV is one of the six major areas of action formulated by the 2035 plan. The plan also stated that, in the first 5 months of 2021, the proportion of electric private cars in newly registered private cars has further increased from 12.4% in 2020 to 18.4%, representing that more than 1 out of every 6 new private cars is electric. The Group will keep innovating and making progress to support the expanding EV charging market resulting from the acceleratingly growing EV automobile market.

For printing business, the Group strives on developing the financial printing sector. By recruiting talents in the industry, it will adopt an advanced project management system to make improvements, and balance the disadvantages of paperless in printing industry.

FINANCIAL REVIEW

Revenue

We generate revenue from the provision of printing services in Hong Kong which are classified into (i) commercial printing services; (ii) financial printing services; and (iii) others services. Commercial printing services refers to printing services for our customers' needs of commercial paper printing products and the book publisher's needs of textbooks and leisure reading materials (such as novels, essays and articles). Financial printing services range from designing the cover, layout and artwork of the document, typesetting, translation, uploading, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and listed companies on the Stock Exchange pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") or the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules"). Others services primarily comprise standalone ad hoc design and/or translation work ordered by corporate customers (which is not related to listing matters) on a case-by-case basis. Revenue is also generated from electric vehicle charging business, which can be classified into (i) sales of electric vehicle charging systems to customers directly; and (ii) subscription fee income for rental of electric vehicle charger at public and private car parks.

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

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Commercial printing services	19,187	13,403
Financial printing services	10,418	12,729
Other services	1,116	1,617
Printing business	30,721	27,749
Sales of electric vehicle charging systems	2,897	—
Subscription fee income	99	—
Electric vehicle charging business	2,996	—
Total	33,717	27,749

Printing business

Our revenue increased by approximately 10.7% from approximately HK\$27.7 million for the six months ended 30 June 2020 to approximately HK\$30.7 million for the six months ended 30 June 2021. As illustrated above, there was mainly due to the increase in revenue from commercial printing services of approximately HK\$5.8 million, resulting from the increase in sales orders.

(i) Commercial printing

For commercial printing services, the revenue increased by approximately 43.2%, from approximately HK\$13.4 million for the six months ended 30 June 2020 to approximately HK\$19.2 million for the six months ended 30 June 2021. The increase in revenue from commercial printing services was mainly due to the increase in sales orders from existing customers.

(ii) Financial printing

For financial printing services, the revenue decreased by approximately 18.2%, from approximately HK\$12.7 million for the six months ended 30 June 2020 to approximately HK\$10.4 million for the six months ended 30 June 2021.

(iii) Other services

Revenue from other services decreased by approximately 31.0%, from approximately HK\$1.6 million for the six months ended 30 June 2020 to approximately HK\$1.1 million for the six months ended 30 June 2021.

Electric vehicle charging business

(i) Sales of electric vehicle charging systems

The Group recorded revenue of approximately HK\$2.9 million (six months ended 30 June 2020: nil) from sales of electric vehicle charging systems.

(ii) Subscription fee income

The Group recorded revenue of approximately HK\$0.1 million (six months ended 30 June 2020: nil) from subscription fee income for rental of electric vehicle charger.

Cost of services

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

Our cost of services in printing services decreased by approximately 4.7%, from approximately HK\$24.6 million for the six months ended 30 June 2020 to approximately HK\$23.5 million for the six months ended 30 June 2021. Such decrease was mainly attributable to the decrease in labour cost and printing materials.

The cost of services incurred in electric vehicle charging business were approximately HK\$2.7 million.

Gross profit and gross profit margin

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

For the six months ended 30 June 2021			
	Printing business HK\$'000 (Unaudited)	Electric vehicle charging business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	30,721	2,996	33,717
Cost of services	(23,500)	(2,670)	(26,170)
Gross profit	7,221	326	7,547
Gross profit margin	23.5%	10.9%	22.4%

For the six months ended 30 June 2020			
	Printing business HK\$'000 (Unaudited)	Electric vehicle charging business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	27,749	—	27,749
Cost of services	(24,649)	—	(24,649)
Gross profit	3,100	—	3,100
Gross profit margin	11.2%	—	11.2%

For the six months ended 30 June 2021 and 2020, our gross profit increased by approximately 143.5%, from approximately HK\$3.1 million for the six months ended 30 June 2020 to approximately HK\$7.5 million for the six months ended 30 June 2021. The overall gross profit margin increased significantly was mainly due to the increase in revenue by the recovery of macroeconomic from the outbreak of novel coronavirus pandemic during the six months ended 30 June 2021.

Other income

Other income decreased by approximately 57.6%, from approximately HK\$1.3 million for the six months ended 30 June 2020 to approximately HK\$0.5 million for the six months ended 30 June 2021, mainly resulting from decrease in sundry income.

Selling expenses

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

Selling expenses increased by approximately 1.0%, from approximately HK\$1.1 million for the six months ended 30 June 2020 to approximately HK\$1.2 million for the six months ended 30 June 2021.

Administrative and other operating expenses

Our administrative and operating expenses primarily comprise staff costs and benefits for our administrative staff, depreciation, office expenses, directors' remuneration, repair and maintenance of our office premises, IT maintenance, equity-settled share-based payment expense and others.

Administrative expenses and other operating expenses increased by approximately 91.0%, from approximately HK\$17.2 million for the six months ended 30 June 2020 to approximately HK\$32.9 million for the six months ended 30 June 2021, mainly because of the recognition of equity-settled share-based payment expense and additional costs incurred in electric vehicle charging business.

Finance costs

Our finance costs mainly represent interests on bank borrowings, promissory note and finance charges on lease liabilities. Our finance costs decreased by approximately 18.0% from approximately HK\$0.8 million for the six months ended 30 June 2020 to approximately HK\$0.6 million for the six months ended 30 June 2021, mainly because of decrease by interest on lease liabilities.

Income tax credit

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

No provision has been made for income tax in the British Virgin Islands (the "BVI") as our Group had no income subject to tax in the BVI for the six months ended 30 June 2021 and 2020.

Hong Kong profits tax has been provided at the rate of 8.25% on first HK\$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the six months ended 30 June 2021. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. (six months ended 30 June 2020: 16.5%).

For the six months ended 30 June 2021 and 2020, we recorded an income tax credit of approximately HK\$0.3 million and HK\$0.8 million respectively, the decrease of which was mainly due to the decrease in deferred tax credit.

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

We recorded a loss and total comprehensive expense of approximately HK\$26.4 million for the six months ended 30 June 2021 (30 June 2020: approximately HK\$14.1 million). The loss-making position for the six months ended 30 June 2021 was mainly attributable to the incurrence of additional administrative and other operating expenses due to the recognition of equity-settled share-based payment expense and the cost incurred in the newly acquired electric vehicle charging services business since August 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2021, total borrowings of the Group amounted to approximately HK\$25.0 million (31 December 2020: approximately HK\$36.1 million) which represented all borrowings, including bank borrowings, promissory note and finance lease obligations. Details on the average interest rate and maturity profile of the Group's total borrowings, including bank borrowings, promissory note and finance lease obligations, are set out in the notes 16, 17 and 19 to the condensed consolidated financial statements.

As at 30 June 2021, the debt to equity ratio of the Group was 5.8% (31 December 2020: 4.6%). Debt to equity ratio is calculated by the net debt (all borrowings, including bank borrowings, promissory note and finance lease obligations, net of cash and cash equivalents) divided by the total equity. Current ratio as at 30 June 2021 was approximately 1.9 time (31 December 2020: approximately 1.0 time).

As at 30 June 2021, the gearing ratio of the Group was 27.6% (31 December 2020: 56.9%). Gearing ratio is calculated based on all borrowings (including bank borrowings, promissory note and finance lease obligations) divided by total equity.

The Group maintained sufficient working capital as at 30 June 2021 with cash and bank balances of approximately HK\$19.7 million (31 December 2020: approximately HK\$33.2 million). The Board will continue to follow a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well positioned to capture any appropriate business opportunities.

As at 30 June 2021, the Group's net current assets amounted to approximately HK\$23.0 million (31 December 2020: net current assets of approximately HK\$2.0 million). The Group's operations are principally financed by revenue generated from its business operation, available cash and bank balances as well as bank borrowings.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

CAPITAL COMMITMENTS

Save as disclosed in the note 24 to the condensed consolidated interim financial statement, the Group did not have other significant capital commitments contracted but not provided for (31 December 2020: Nil).

PLEDGE OF ASSETS

As at 30 June 2021, none of the Group's financial assets was pledged. The bank borrowings are drawn under banking facilities. The banking facilities are secured and guaranteed by personal guarantee of a director. For details, please refer to note 16 to the condensed consolidated interim financial statement.

EXCHANGE RATE EXPOSURE

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

As at 30 June 2021, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure from time to time and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate (31 December 2020: Nil).

INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2021, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 15 December 2020, the Company and VBG Capital Limited and Wealth Link Securities Limited (collectively the “Placing Agent”) entered into the placing agreement (the “Placing Agreement”), pursuant to which the Placing Agent jointly and severally agree, as agent of the Company, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 49,625,000 placing shares at the placing price of HK\$0.40 per placing share. On 4 January 2021, an aggregate of 49,625,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK\$0.40 per placing share pursuant to the terms and conditions of the Placing Agreement. The placing shares were allotted and issued pursuant to the general mandate granted to the Directors by the Shareholders at the Company’s annual general meeting on 21 August 2020. The net proceeds from the placing amounted to approximately HK\$19.4 million. The Company intends to use the net proceeds of the placing for EV charging business development, commercial and financial printing business operation, working capital and general corporate purposes.

On 15 December 2020, the Company and the subscribers entered into a subscription agreement (the “Subscription Agreement”), pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, 69,625,000 new shares at the subscription price of HK\$0.40 per subscription share. On 10 March 2021, an aggregate of 69,625,000 subscription shares have been issued and allotted to the subscribers at the subscription price of HK\$0.40 per subscription share pursuant to the terms and conditions of the Subscription Agreement. The subscription shares were issued and allotted pursuant to the specific mandate approved by the independent shareholders at the EGM on 10 February 2021 which authorised the Directors to allot, issue and deal with the subscription shares. The net proceeds from the subscription amounted to approximately HK\$27.8 million. The Company intended to use the net proceeds of the subscription for EV charging business development, commercial and financial printing business operation, working capital and general corporate purposes.

For further details, please refer to the announcements of the Company dated 15 December 2020, 4 January 2021 and 10 March 2021 and the circular dated on 22 January 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- The state of economic, political and legal environment in Hong Kong may adversely affect our business, performance and financial condition;
- We face intense competition in the printing industry and we may not be successful in competing against our competitors;
- Digitalisation of information reduces the demand for printed materials which in turn may reduce the printing orders from our customers. As a result, our business and financial performance may be affected;
- Changes in customers' preferences or spending patterns may materially and adversely affect our business;
- Our business is susceptible to fluctuations of purchase costs for raw materials, i.e. paper, printing plates and printing ink and such fluctuations may materially and adversely affect our profitability and results of operations. We do not have long-term contracts with our suppliers and we may encounter interruptions in the supply of raw materials.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

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

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

USE OF PROCEEDS

Placing and subscription of shares

The gross proceeds from the placing and subscription of shares on 4 January 2021 and 10 March 2021, respectively, were aggregately approximate to HK\$47.7 million. The net proceeds from the placing and subscription shares, after deduction of the commission for the placing and other related expenses, amounted to approximately HK\$47.2 million. Set out below is the details of the use of proceeds from the placing and subscription shares during the six months ended 30 June 2021:

	Intended use of net proceeds <i>HK\$'000</i>	Proceeds utilized during the six months ended 30 June 2021 <i>HK\$'000</i>	Proceeds unutilized as of 30 June 2021 <i>HK\$'000</i>
EV charging business development	33,041	23,555	9,486
Commercial and financial printing business	9,441	7,667	1,774
Working capital and general corporate purposes	4,720	3,378	1,342
Total	47,202	34,600	12,602

Initial public offering

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

As set out in the announcement of the Group dated 31 July 2020, the Board resolved to reallocate (the “Reallocation”) the amount of net proceeds which were unutilised. The intended allocation of the net proceeds in accordance with the Prospectus, the reallocated use of the net proceeds and the actual usage of the net proceeds up to 30 June 2021 and the unutilised net proceeds as at 30 June 2021 are set out below:

	Intended use of net proceeds — original allocation <i>HK\$'000</i>	Revised use of net proceeds — after Reallocation <i>HK\$'000</i>	Utilisation up to 30 June 2021 <i>HK\$'000</i>	Amount of unutilised net proceeds as at 30 June 2021 <i>HK\$'000</i>	Expected time of full utilisation of the remaining balance
Continue organic growth by solidifying existing customer relationship and developing new relationship; and continue to attract and retain top talent in the industry	1,500	3,180	3,180	—	n/a (Note 1)
Acquire a permanent office space	37,000	—	n/a	n/a	n/a (Note 2)
Upgrade and acquire new equipment, hardware and software	2,500	2,500	2,018	482	End of 2022 (Note 3)
Explore new sustainable business opportunities	—	20,000	20,000	—	n/a (Note 4)
Working capital and general corporate purposes	—	15,320	15,320	—	n/a
Total	41,000	41,000	40,518	482	

Notes:

1. The original allocation of approximately HK\$1.5 million has been fully utilised on or before the scheduled timeline disclosed in the section headed “Future Plans and Use of Proceeds — Implementation Plans” in the Prospectus.
2. As disclosed in the announcement of the Group dated 31 July 2020, the Board resolved to change the original use of net proceeds and reallocate approximately HK\$37.0 million out of the net proceeds original earmarked for the Group’s acquisition of a permanent office space, as to HK\$1.7 million of it to finance the Group’s continue organic growth by solidifying existing customer relationship and developing new relationship, HK\$20.0 million of it to finance the Group’s exploring new sustainable business opportunities, and the remaining HK\$15.3 million of it as working capital and general corporate purposes for the Group.
3. The actual use of the original allocation of approximately HK\$2.5 million has not been fully utilised on or before 30 June 2021 because the workload did not increase as expected. Nevertheless, the management only decided to prolong the timeline of the same allocated amount up to the end of 2022 taking account of the importance of improving operation efficiency in the long run.
4. The reallocated amount of HK\$15 million was utilised to settle the cash consideration of the acquisition of EV charging business in August 2020 and redeem the promissory note on 24 March 2021.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the “Code”) as set out in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2021, saved as otherwise disclosed, the Company had complied with all the applicable code provisions of the Code.

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

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

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

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

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Standard of Dealings”), as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the Standard of Dealings from 1 January 2021 or the date of appointment (whichever is later) and up to the date of this report.

SHARE OPTION SCHEME

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

During the six months ended 30 June 2021, 28,428,000 (2020: nil) share options has been granted under the Scheme. 368,000 share options were lapsed (2020: nil) and no share options has been exercised during the six months ended 30 June 2021 (2020: nil). For details, please refer to note 10 to the condensed consolidated interim financial information.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “Directors’ and chief executives’ interest and/or short positions in shares, underlying shares and debentures of the Company or any associated corporation” below and “Share option scheme” above, at no time during the six months ended 30 June 2021 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Neither of the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

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

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Mr. Wu Jianwei ("Mr. Wu")	Interest of controlled corporation	235,603,225	39.28%
	Beneficial owner	4,400,000 (Note 6)	0.73%
Mr. Liang Zihao ("Mr. Liang")	Interest of controlled corporation	235,603,225	39.28%
	Beneficial owner	4,400,000 (Note 6)	0.73%
Mr. Lau Wai Yan Lawson ("Mr. Lau")	Beneficial owner/Interest of controlled corporation	30,302,703	5.05%
	Beneficial owner	4,400,000 (Note 6)	0.73%
Mr. Pan Wenyan ("Mr. Pan")	Interest of controlled corporation	23,872,000	3.98%

Name of Director	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Mr. Li Man Keung Edwin ("Mr. Li")	Beneficial owner/Interest of controlled corporation	19,112,613	3.19%
	Beneficial owner	4,400,000 (Note 6)	0.73%
Mr. Sam Weng Wa Michael	Beneficial owner	440,000 (Note 6)	0.07%
Mr. Tam Ka Hei Raymond	Beneficial owner	440,000 (Note 6)	0.07%
Mr. Yuen Chun Fai	Beneficial owner	440,000 (Note 6)	0.07%
Ms. Zhu Xiaohui	Beneficial owner	440,000 (Note 6)	0.07%

Notes:

1. Mr. Wu owns 51% of the issued share capital of Global Fortune Global Limited ("Global Fortune"). Mr. Wu is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.
2. Mr. Liang owns 49% of the issued share capital of Global Fortune. Mr. Liang is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.
3. Mr. Lau owns 100% of the issued share capital of Cornerstone Wealth Holdings Limited ("Cornerstone Wealth"). Mr. Lau is deemed to be interested in the Shares in which Cornerstone Wealth is interested under the SFO.
4. Mr. Pan owns 100% of the issued share capital of Silver Rocket Limited ("Silver Rocket"). Mr. Pan is deemed to be interested in the Shares in which Silver Rocket is interested under SFO.
5. Mr. Li owns 100% of the issued share capital of Tanner Enterprises Group Limited ("Tanner Enterprises"). Mr. Li is deemed to be interested in the Shares in which Tanner Enterprises is interested under the SFO.
6. These shares were the shares which would be allotted and issued upon exercise in full of the share options granted to such Director under the share option scheme of the Company.

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

Name of Directors	Name of associated corporation	Capacity	Number of share(s) held	Percentage of issued share capital
Mr. Wu Jianwei	Global Fortune	Beneficial owner	51	51%
Mr. Liang Zihao	Global Fortune	Beneficial owner	49	49%
Mr. Pan Wenyan	Silver Rocket	Beneficial owner	1	100%
Mr. Lau Wai Yan Lawson	Cornerstone Wealth	Beneficial owner	1	100%
Mr. Li Man Keung Edwin	Tanner Enterprises	Beneficial owner	1	100%

Notes:

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 30 June 2021, none of the Directors or chief executive of the Company had any interest or short position in Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 June 2021, the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executives of the Company) in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein, were as follows:

Name of substantial shareholder	Long/ short position	Capacity	Number of shares held	Percentage of issued share capital
Global Fortune	Long position	Beneficial owner (Note 1)	235,603,225 shares	39.28%
Glorytwin Limited ("Glorytwin")	Long position	Beneficial owner (Note 2)	81,000,000 shares	13.50%
Colorful Bay Limited ("Colorful Bay")	Long position	Deemed interest, Interest in controlled corporation (Note 2)	81,000,000 shares	13.50%

Note:

1. Global Fortune is legally and beneficially owned as to 51% and 49% by Mr. Wu and Mr. Liang respectively. Therefore by virtue of the SFO, Mr. Wu and Mr. Liang are deemed to have the interest owned by Global Fortune.
2. Glorytwin is legally and beneficially owned as to 90% by Colorful Bay. Therefore by virtue of the SFO, Colorful Bay is deemed to have the interest owned by Glorytwin. Colorful Bay is legally and beneficially owned as to 100% by Mr. So Wing Keung ("Mr. So"). Therefore by virtue of the SFO, Mr. So is deemed to have the interest owned by Colorful Bay.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERESTS IN COMPETING BUSINESS

For the six months ended 30 June 2021, none of the Directors or any of their respective close associates (as defined under the GEM Listing Rules) were engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor were they aware of any other conflicts of interest which any such persons had or may have with the Group.

DEED OF NON-COMPETITION

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

Each of the Covenantors has confirmed his or its compliance with the terms of the Deed of Non-competition and the independent non-executive Directors were not aware of any non-compliance of the Deed of Non-competition given by the Covenantors during the six months ended 30 June 2021.

INTERESTS OF COMPLIANCE ADVISER

As confirmed by the compliance adviser of the Company, Dakin Capital Limited (“Dakin”), as at 30 June 2021, neither Dakin nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules. The appointment of Dakin as the compliance adviser of the Company had been completed on 31 July 2021.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 and is of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosures have been made in respect thereof.

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

Hong Kong, 13 August 2021

As at the date of this report, the executive Directors are Mr. LIANG Zihao, Mr. SAM WENG WA Michael, Mr. LI Man Keung Edwin, Mr. LAU Wai Yan Lawson and Mr. PAN Wenyuan, the non-executive Director is Mr. WU Jianwei and the independent non-executive Directors are Mr. TAM Ka Hei Raymond, Mr. YUEN Chun Fai and Ms. ZHU Xiaohui.

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021, together with the comparative unaudited figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		For the three months ended		For the six months ended	
		30 June		30 June	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	19,328	16,850	33,717	27,749
Cost of services		(14,571)	(12,767)	(26,170)	(24,649)
Gross profit		4,757	4,083	7,547	3,100
Other income	5	312	358	530	1,250
Selling expenses		(580)	(454)	(1,154)	(1,143)
Administrative and other operating expenses		(18,536)	(9,664)	(32,910)	(17,234)
Research and development expenses		(162)	—	(241)	—
Finance costs	6	(268)	(342)	(619)	(755)
Loss before tax	7	(14,477)	(6,019)	(26,847)	(14,782)
Income tax credit	8	309	689	343	802
Loss and total comprehensive expense for the period		(14,168)	(5,330)	(26,504)	(13,980)

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)

**Loss and total comprehensive
expense for the period
attributable to:**

Owners of the Company	(14,025)	(5,330)	(26,361)	(14,063)
Non-controlling interests	(143)	—	(143)	83
	(14,168)	(5,330)	(26,504)	(13,980)
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>

**Loss per share attributable to
owners of the Company**

Basic and diluted	9	(2.34)	(1.21)	(4.60)	(3.20)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
	Note		
Non-current assets			
Property, plant and equipment	12	16,385	18,977
Right-of-use assets		19,338	25,199
Other intangible assets		15,369	12,099
Goodwill		30,080	30,080
Deposits	14	3,825	3,532
Deferred tax assets		5	5
		85,002	89,892
Current assets			
Inventories	13	5,300	3,661
Contract assets		—	434
Trade and other receivables, prepayments and deposits	14	22,370	11,407
Tax recoverable		—	864
Bank balances and cash		19,742	33,205
		47,412	49,571
Current liabilities			
Contract liabilities		542	392
Trade and other payables	15	12,401	35,069
Bank borrowings	16	167	267
Lease liabilities	17	11,277	11,838
		24,387	47,566

		At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
	Note		
Net current assets		23,025	2,005
Total assets less current liabilities		108,027	91,897
Non-current liabilities			
Lease liabilities	17	13,525	18,890
Provisions	18	933	916
Promissory note	19	—	5,104
Deferred tax liabilities		3,220	3,531
		17,678	28,441
NET ASSETS		90,349	63,456
Capital and reserves			
Share capital	20	5,998	4,805
Reserves		84,494	58,651
Equity attributable to owners of the Company		90,492	63,456
Non-controlling interests		(143)	—
TOTAL EQUITY		90,349	63,456

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Share option reserve HK\$'000	Retained Profits/ (accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2020 (Unaudited)	4,400	52,821	17,802	—	8,874	83,897	353	84,250
Change in equity for the six months ended 30 June 2020:								
Adjustments	—	—	—	—	(79)	(79)	—	(79)
(Loss) profit and total comprehensive (expense) income for the period	—	—	—	—	(14,063)	(14,063)	83	(13,980)
Acquisition of additional interest in a subsidiary	—	—	—	—	(9)	(9)	(436)	(445)
At 30 June 2020 (Unaudited)	4,400	52,821	17,802	—	(5,277)	69,746	—	69,746
At 1 January 2021 (Audited)	4,805	71,267	17,802	—	(30,418)	63,456	—	63,456
Change in equity for the six months ended 30 June 2021:								
Issue of shares pursuant to the Share Placing (Note c)	497	18,856	—	—	—	19,353	—	19,353
Issue of shares pursuant to the Share Subscription (Note d)	696	27,154	—	—	—	27,850	—	27,850
Recognition of equity-settled share based payment	—	—	—	6,194	—	6,194	—	6,194
Loss and total comprehensive expense for the period	—	—	—	—	(26,361)	(26,361)	(143)	(26,504)
At 30 June 2021 (Unaudited)	5,998	117,277	17,802	6,194	(56,779)	90,492	(143)	90,349

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

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

Note c: On 4 January 2021, an aggregate of 49,625,000 placing shares have been successfully placed at the placing price of HK\$0.40 per placing share pursuant to the terms and conditions of the placing agreement.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash used in operating activities	(23,622)	(3,856)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,081)	(1,735)
Purchase of other intangible assets	(91)	—
Proceeds from disposal of property, plant and equipment	1	2,315
Development cost paid	(3,727)	—
Net cash (used in) generated from investing activities	(4,898)	580
FINANCING ACTIVITIES		
Acquisition of additional interest of a subsidiary	—	(445)
Repayment of bank borrowings	(100)	(960)
Repayment of leases liabilities	(6,472)	(7,899)
Issue of subscription shares	27,850	—
Repayment of promissory note	(5,159)	—
Commission paid to a placing agent	(498)	—
Interest paid	(564)	(755)
Net cash generated from (used in) financing activities	15,057	(10,059)
Net decrease in cash and cash equivalents	(13,463)	(13,335)
Cash and cash equivalents at beginning of period	33,205	62,106
Cash and cash equivalents at end of period, represented by bank balances and cash	19,742	48,771

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

1. GENERAL INFORMATION

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

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of printing, typesetting and translation services and electric vehicle charging business in Hong Kong.

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

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated interim financial information does not include all the notes of the type normally included in the annual financial statements, accordingly, it should be read in conjunction with the annual consolidated financial statements for the nine months ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the interim financial information are the same as those presented in the Group's annual financial statements for the nine months ended 31 December 2020.

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

4. 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.

The Group's reportable and operating segments under HKFRS 8 Operating Segments are increased as follow:

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

Revenue

(i) Disaggregation of revenue from contracts with customers

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<u>Printing business</u>				
— Commercial printing services	9,536	7,385	19,187	13,403
— Financial printing services	7,220	9,292	10,418	12,729
— Other services (Note)	202	173	1,116	1,617
	16,958	16,850	30,721	27,749
<u>Electric vehicle charging business</u>				
— Sales of electric vehicle charging systems	2,319	—	2,897	—
— Subscription fee income	51	—	99	—
	2,370	—	2,996	—
	19,328	16,850	33,717	27,749

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

(ii) Segment information

Six months ended 30 June 2021 (unaudited)

	Printing business HK\$'000	Electric vehicle charging business HK\$'000	Total HK\$'000
Segment revenue	30,903	2,996	33,899
Inter-segment revenue	(182)	—	(182)
Revenue from external customers	30,721	2,996	33,717
Segment results	(3,933)	(15,584)	(19,517)
Unallocated expenses			(7,330)
Income tax credit			343
Profit for the year			(26,504)
Segment assets	59,250	34,197	93,447
Unallocated assets			38,967
Total assets			132,414
Segment liabilities	(36,273)	(5,345)	(41,618)
Unallocated liabilities			(447)
Total liabilities			(42,065)
Other segment information:			
Additions to property, plant and equipment	133	948	1,081
Additions to other intangible assets	—	3,818	3,818
Cost of sales	23,500	2,670	26,170
Depreciation of property, plant and equipment	2,589	681	3,270
Depreciation of right-of-use assets	5,122	739	5,861
Impairment of property, plant and equipment	401	—	401
Amortisation of other intangible assets	—	549	549

Three months ended 30 June 2021 (unaudited)

	Printing business HK\$'000	Electric vehicle charging business HK\$'000	Total HK\$'000
Segment revenue	17,049	2,371	19,420
Inter-segment revenue	(91)	—	(91)
Revenue from external customers	16,958	2,371	19,329
Segment results	(1,710)	(8,544)	(10,254)
Unallocated expenses			(4,224)
Income tax credit			309
Profit for the year			(14,169)
Segment assets	59,250	34,197	93,447
Unallocated assets			38,967
Total assets			132,414
Segment liabilities	(36,273)	(5,345)	(41,618)
Unallocated liabilities			(447)
Total liabilities			(42,065)
Other segment information:			
Additions to property, plant and equipment	91	537	628
Additions to other intangible assets	—	1,458	1,458
Cost of sales	12,400	2,171	14,571
Depreciation of property, plant and equipment	1,285	357	1,642
Depreciation of right-of-use assets	2,561	369	2,930
Impairment of property, plant and equipment	401	—	401
Amortisation of other intangible assets	—	280	280

During the six months ended 30 June 2020, the directors of the Company had determined that the Group had only one operating and reportable segment throughout the reporting periods, as the Group managed its business as a whole as the provision of integrated printing services in Hong Kong and the executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

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.

5. OTHER INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gain on disposal of property, plant and equipment, net	—	—	1	163
Interest income	30	28	61	210
Sundry income	282	330	468	877
	312	358	530	1,250

6. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on bank borrowings	8	—	16	5
Interest on lease liabilities	260	342	548	750
Interest on promissory note	—	—	55	—
	268	342	619	755

7. LOSS BEFORE TAX

This is stated after charging (crediting):

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Staff costs (including directors' emoluments)				
— Salaries and other benefits	13,058	6,665	24,723	14,175
— Contributions to defined contribution plans	403	263	857	672
	13,461	6,928	25,580	14,847
Other items				
Auditor's remuneration	205	239	409	359
Cost of inventories (Note)	14,571	12,767	26,170	24,649
Depreciation of property, plant and equipment	1,642	1,382	3,270	2,591
Depreciation of right-of-use assets	2,930	2,562	5,861	6,286
Amortisation of other intangible assets	280	—	549	—
Exchange (gain) loss, net	2	(3)	5	2
(Reversal of) Impairment loss recognised on trade receivables	—	—	(605)	394
Impairment loss recognised on property, plant and equipment	401	—	401	—
Loss (gain) on disposal of property, plant and equipment, net	—	1,323	(1)	1,160
Loss on disposal of investment in a subsidiary	—	—	—	503
Factory relocation expenses	—	2,828	—	2,828
Equity-settled share-based payment expense	3,660	—	6,194	—

Note: During the six months ended 30 June 2021, cost of inventories included approximately HK\$14.6 million (six months ended 30 June 2020: approximately HK\$12.6 million) relating to the aggregate amount of certain staff costs, depreciation and operating lease charges, which were included in the respective amounts as disclosed above.

8. INCOME TAX CREDIT

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax:				
Provision for the period	(65)	106	(32)	(29)
Deferred taxation	(244)	(795)	(311)	(773)
	(309)	(689)	(343)	(802)

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

Hong Kong Profits Tax has been provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the six months ended 30 June 2021. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (six months ended 30 June 2020: 16.5%).

9. LOSS PER SHARE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss:				
Loss for the purpose of calculation basic loss per share	(14,025)	(5,330)	(26,361)	(14,063)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share ('000)	599,791	440,000	572,811	440,000

The computation of diluted loss per share for the six months ended 30 June 2021 does not assume the exercise of outstanding share options of the Company since the outstanding options have not been vested as of 30 June 2021.

Diluted loss per share are same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2021 and 2020.

10. SHARE-BASED PAYMENT TRANSACTION

Pursuant to share option scheme adopted by the Company on 19 April 2018 (the “Share Option Scheme”), during the six months ended 30 June 2021, 28,428,000 share options (30 June 2020: Nil) were granted to eligible participants of the Group.

The table below discloses movement of share options granted and lapsed under the Share Option Scheme:

	Number of share options
Outstanding as at 1 January 2021	—
Granted during the period	28,428,000
Lapsed during the period	(368,000)
Outstanding as at 30 June 2021	28,060,000

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

The fair values of the options determined at the date of grant using the binomial option pricing model were HK\$8,704,000.

The following assumptions were used to calculate the fair values of share options:

Grant date share price	HK\$0.54
Exercise price	HK\$0.54
Expected life	10 years
Expected volatility	67.85%
Dividend yield	0.00%
Risk-free interest rate	0.63%

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

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

The equity-settled share-based payments, amounted to approximately HK\$6,194,000, was charged to administrative expenses in profit or loss during the six months ended 30 June 2021.

11. DIVIDENDS

The Board does not recommend the payment of an interim dividend to the Company for the six months ended 30 June 2021 (2020: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group has acquired property, plant and equipment of HK\$1.1 million (31 December 2020: approximately HK\$6.6 million). The items of property, plant and equipment with no carrying amount (31 December 2020: approximately HK\$3.6 million) were written off or disposed during the six months ended 30 June 2021.

13. INVENTORIES

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Raw materials	1,740	1,658
Work in progress	2,599	1,920
Finished goods	961	83
	5,300	3,661

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables	13,522	6,881
Other receivables	456	978
Prepayments	6,732	2,721
Deposits	5,485	4,359
	12,673	8,058
	26,195	14,939

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

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Less than 30 days	7,186	4,535
31 to 60 days	2,400	1,301
61 to 90 days	2,711	541
Over 90 days	1,225	504
	13,522	6,881

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

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Neither past due nor impaired	9,862	4,439
Past due:		
Less than 30 days	2,586	1,380
31 to 60 days	992	611
61 to 90 days	12	137
Over 90 days	70	314
	3,660	2,442
	13,522	6,881

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

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

15. TRADE AND OTHER PAYABLES

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Trade payables	3,648	2,021
Accruals and other payables	7,259	9,796
Receipts in advance for placing shares	—	19,850
Deposits received	1,494	3,402
	8,753	33,048
	12,401	35,069

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

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

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Less than 30 days	1,297	1,541
31 to 60 days	1,550	364
61 to 90 days	801	116
	3,648	2,021

16. BANK BORROWINGS

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

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Bank borrowings — secured	167	267
Carrying amounts of bank borrowings that are repayable (Note)		
Within one year	167	200
More than one year, but not exceeding two years	—	67
Amounts shown under current liabilities	167	267

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

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

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

The Group regularly monitors its compliance with these covenants and has made payments according to the schedule of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. As at 30 June 2021 and 31 December 2020, none of the covenants relating to drawn down facilities had been breached.

17. LEASE LIABILITIES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Lease liabilities payable:		
Within one year	11,277	11,838
Within a period of more than one year but not more than two years	3,349	7,520
Within a period of more than two years but not more than five years	10,176	11,370
	24,802	30,728
Less: Amount due to settlement within 12 months shown under current liabilities	(11,277)	(11,838)
Amount due to settlement after 12 months shown under non-current liabilities	13,525	18,890

18. PROVISIONS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Reinstatement provisions	933	916
Analysed for reporting purposes as:		
Non-current liabilities	933	916
Current liabilities	—	—
	933	916

19. PROMISSORY NOTE

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

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

The promissory note was fully redeemed on 24 March 2021.

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

	<i>HK\$'000</i>
At 1 April 2020	
Issue during the period	5,000
Interest payable	104
At 31 December 2020	5,104
Interest payable	55
Fully redeemed	(5,159)
At 30 June 2021	—

20. SHARE CAPITAL

		At 30 June 2021		At 31 December 2020	
		No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
	Note				
Authorised:					
Ordinary shares of HK\$0.01 each					
At the beginning of the reporting period		100,000,000	1,000,000	100,000,000	1,000,000
At the end of the reporting period		100,000,000	1,000,000	100,000,000	1,000,000
Issued and fully paid:					
Ordinary shares of HK\$0.01 each					
At the beginning of the reporting period		480,541	4,805	440,000	4,400
Issue of shares pursuant to acquisition of subsidiaries	(Note a)	—	—	40,541	405
Issue of shares pursuant to the share placing	(Note b)	49,625	497	—	—
Issue of shares pursuant to the share subscription	(Note c)	69,625	696	—	—
At the end of the reporting period		599,791	5,998	480,541	4,805

Notes:

- (a) On 3 August 2020, the Company allotted and issued of 40,540,541 consideration shares pursuant to the acquisition of 100% of issued shares of Cornerstone EV. Details of which are disclosed in announcement of the Group dated 4 August 2020.
- (b) On 4 January 2021, an aggregate of 49,625,000 placing shares have been successfully placed at the placing price of HK\$0.40 per placing share pursuant to the terms and conditions of the placing agreement.
- (c) On 10 March 2021, an aggregate of 69,625,000 subscription shares have been issued and allotted to the subscribers on at the subscription price of HK\$0.40 per subscription share pursuant to the terms and conditions of the subscription agreement.

21. RETIREMENT BENEFITS SCHEME

Defined contribution plans

The Group joins an Occupational Retirement Schemes Ordinance scheme (the “ORSO Scheme”) and the Mandatory Provident Fund Scheme (“MPF Scheme”) for their qualifying employees in Hong Kong.

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

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.

22. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in the notes to the condensed consolidated financial statements, the Group had the following related party transactions during the six months ended 30 June 2021 and 2020:

Name of related company	Nature of transactions	For the six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Norenex (Note (i))	Interest on promissory note	55	—

Note:

- (i) This related company is controlled by the Ultimate Controlling Party during the six months ended 30 June 2021.
- (b) Remuneration for key management personnel (including directors) of the Group:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	4,605	1,900
Contributions to defined contribution retirement scheme	164	83
Equity-settled share-based payment expense	5,356	—
	10,125	1,983

23. FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 30 June 2021 and 31 December 2020.

24. COMMITMENT

On 2 June 2021, the Group entered into a tenancy agreement with an independent third party for the purpose of the tenancy of premises. For more details, please refer to the announcement dated 5 May 2021. Pursuant to HKFRS 16, as a result of the entering into of the tenancy agreement, the unaudited value of the right-of-use asset to be recognised by the Group under the terms of the tenancy agreement amounted to approximately HK\$25,361,000, which is calculated with reference to the aggregate lease payments and discounted by a discount rate.

25. EVENTS AFTER THE REPORTING PERIOD

As from 30 June 2021 to the date of this report, the Board is not aware of any event that has occurred which requires disclosure.

26. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 13 August 2021.