

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

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 third quarterly results of the Group for the nine months ended 30 September 2022. This announcement, containing the full text of the third quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of the third quarterly results.

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

Hong Kong, 11 November 2022

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, Mr. PAN Wenyuan, Ms. WU Yanyan and Mr. YEUNG Chun Yue David, the non-executive Director is Mr. WU Jianwei and the independent non-executive Directors are Mr. TAM Ka Hei Raymond, Mr. YUEN Chun Fai, Ms. ZHU Xiaohui and Mr. KO Shu Ki Kenneth.

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

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days after the date of publication and on the Company’s website at www.cstl.com.hk.

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”, each a “Director”) 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.

CONTENTS

	<i>Page</i>
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Changes in Equity	5
Notes to the Condensed Consolidated Financial Statements	7
Management Discussion and Analysis	15
Other Information	34

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 nine months ended 30 September 2022, together with the comparative unaudited figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2022

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	23,483	12,090	60,977	45,807
Cost of services		(21,577)	(11,786)	(56,462)	(37,956)
Gross profit		1,906	304	4,515	7,851
Other income	4	1,818	1,875	3,394	2,405
Selling expenses		(548)	(471)	(1,451)	(1,625)
Administrative and other operating expenses		(19,880)	(16,035)	(68,008)	(48,945)
Research and development expenses		(36)	(61)	(659)	(302)
Finance costs	5	(738)	(239)	(2,039)	(858)
Loss on disposal of subsidiary	10	-	-	(635)	-
Loss before tax	6	(17,478)	(14,627)	(64,883)	(41,474)
Income tax credit	7	178	184	529	527
Loss and total comprehensive expense for the period		(17,300)	(14,443)	(64,354)	(40,947)

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

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

Owners of the Company	(17,192)	(14,184)	(64,070)	(40,545)
Non-controlling interests	(108)	(259)	(284)	(402)
	(17,300)	(14,443)	(64,354)	(40,947)
	HK cents	HK cents	HK cents	HK cents

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

Basic and diluted	8	(2.36)	(2.36)	(9.71)	(6.97)
-------------------	---	--------	--------	--------	--------

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Attributable to owners of the Company							Total equity HK\$'000
	Reserves					Total HK\$'000	Non- controlling interests HK\$'000	
	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			
At 1 January 2021 (Audited)	4,805	71,267	17,802	–	(30,418)	63,456	–	63,456
Issue of shares pursuant to share placing	497	18,856	–	–	–	19,353	–	19,353
Issue of shares pursuant to share subscription	696	27,154	–	–	–	27,850	–	27,850
Recognition of equity-settled share based payment	–	–	–	7,546	–	7,546	–	7,546
Loss and total comprehensive expense for the period	–	–	–	–	(40,545)	(40,545)	(402)	(40,947)
At 30 September 2021 (Unaudited)	5,998	117,277	17,802	7,546	(70,963)	77,660	(402)	77,258
At 1 January 2022 (Audited)	6,078	122,157	17,802	8,048	(91,782)	62,303	(635)	61,668
Issue of shares pursuant to share subscriptions (Note iii)	776	47,359	–	–	–	48,135	–	48,135
Issue of shares pursuant to share placing (Note iv)	395	24,107	–	–	–	24,502	–	24,502
Issue of emolument shares to chief executive officer (Note v)	60	5,338	–	–	–	5,398	–	5,398
Issue of emolument shares to chief operating officer (Note vi)	30	2,669	–	–	–	2,699	–	2,699
Issue of shares upon exercise of share options	1	25	–	–	–	26	–	26
Recognition of equity-settled share based payment	–	–	–	736	–	736	–	736
Loss and total comprehensive expense for the period	–	–	–	–	(64,070)	(64,070)	(284)	(64,354)
At 30 September 2022 (Unaudited)	7,340	201,655	17,802	8,784	(155,852)	79,729	(919)	78,810

Notes:

- (i) 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.
- (ii) 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 group reorganisation.
- (iii) On 31 May 2022, an aggregate of 45,316,000 subscription shares were issued and allotted to the creditors at the subscription price of HK\$0.62 per subscription share for settlement of the shareholders' loan due to the creditors by the Company pursuant to the deed.

On 13 July 2022, an aggregate of 32,300,000 subscription shares were 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.
- (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 agreements.
- (v) On 31 May 2022, the Company issued and allotted 5,997,905 shares to Mr. Yip Shiu Hong in relation to his appointment as chief executive officer of the Company.
- (vi) On 31 May 2022, the Company issued and allotted 2,998,953 shares to Mr. Ng Sze Chun in relation to his appointment as chief operating officer of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2022 (the "Condensed Consolidated Financial Statements") are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Condensed Consolidated Financial Statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in preparing the annual financial statements for the year ended 31 December 2021, except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Condensed Consolidated Financial Statements have not been audited by the Company's auditors but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. REVENUE

An analysis of the Group's revenue for the periods indicated is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Printing business</u>				
- Commercial printing services	7,100	7,426	22,285	26,613
- Financial printing services	5,408	3,515	16,744	13,933
- Other services (Note)	688	156	1,383	1,272
	13,196	11,097	40,412	41,818
<u>Electric vehicle charging business</u>				
- Sales of electric vehicle charging systems	9,904	895	19,733	3,740
- Maintenance fee income	120	-	280	-
- Subscription fee income	263	98	552	249
	10,287	993	20,565	3,989
Total	23,483	12,090	60,977	45,807

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

4. OTHER INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government subsidies <i>(Note)</i>	1,673	-	2,673	-
Gain on disposal of property, plant and equipment, net	-	10	97	11
Interest income	43	31	154	92
Sundry income	102	1,834	470	2,302
	1,818	1,875	3,394	2,405

Note: During the nine months ended 30 September 2022, the Group recognised wage subsidies of approximately HK\$2.7 million (2021: nil) granted from the Employment Support Scheme under Anti-Epidemic Fund of the Hong Kong Government.

5. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank borrowings	-	9	11	25
Interest on lease liabilities	738	230	2,028	778
Interest on promissory note	-	-	-	55
	738	239	2,039	858

6. LOSS BEFORE TAX

This is stated after charging (crediting):

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)				
- Salaries and other benefits	16,503	13,104	56,448	37,827
- Contributions to defined contribution plans	532	462	1,507	1,319
Total staff costs	17,035	13,566	57,955	39,146
Other items:				
Auditor's remuneration	213	205	609	614
Cost of inventories (<i>Note</i>)	21,577	11,786	56,462	37,956
Depreciation of property, plant and equipment	1,657	1,623	4,373	4,893
Depreciation of right-of-use assets	3,006	2,895	10,678	8,756
Amortisation of other intangible assets	277	298	881	847
Exchange loss, net	1	6	12	11
Reversal of impairment loss recognised on trade receivables	-	-	(813)	(605)
Impairment loss recognised on property, plant and equipment	-	-	-	401
Gain on disposal of property, plant and equipment, net	-	10	97	(11)
Equity-settled share-based payment expense	209	1,352	736	7,546

Note: During the nine months ended 30 September 2022, cost of inventories included approximately HK\$22.7 million (2021: approximately HK\$21.8 million) relating to the aggregate amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets and operating lease charges, which were included in the respective amounts as disclosed above.

7. INCOME TAX CREDIT

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax:				
Over provision for the period	-	-	-	(32)
Deferred taxation	(178)	(184)	(529)	(495)
	(178)	(184)	(529)	(527)

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

Under the two-tiered profits tax rates regime, Hong Kong Profits Tax is calculated at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits of the qualifying group entity and 16.5% on the remaining amount of the estimated assessable profits for the nine months ended 30 September 2022. 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% (2021: 16.5%).

8. LOSS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Loss:</i>				
Loss for the purpose of calculating basic and diluted loss per share (loss for the period attributable to owners of the Company)	(17,192)	(14,184)	(64,070)	(40,545)
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Number of shares:

Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	729,776	599,791	659,560	581,903
---	----------------	---------	----------------	---------

Diluted loss per share for the nine months ended 30 September 2022 and 2021 is the same as the basic loss per share as exercise of the outstanding share options of the Company had an anti-dilutive effect on the basic loss per share.

9. SHARE-BASED PAYMENT TRANSACTION

Pursuant to the share option scheme adopted by the Company on 19 April 2018 (the "Share Option Scheme"), an aggregate of 30,428,000 share options were granted to eligible participants of the Group on 28 January 2021 and 17 June 2022. The movement of share options under the Share Option Scheme during the nine months ended 30 September 2022 are as follows:

	Number of share options
Outstanding as at 1 January 2022	27,464,000
Granted during the period	2,000,000
Exercised during the period	(48,000)
Lapsed during the period	(48,000)
Cancelled during the period	(6,468,000)
<hr/>	
Outstanding as at 30 September 2022	22,900,000

The estimated fair value of the share options granted to employees and consultants of the Company on 17 June 2022 is HK\$834,700, which was arrived at based on the valuation carried out by Royson Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group.

Equity-settled share-based payments amounted to approximately HK\$736,000 (2021: approximately HK\$7,546,000) were charged to administrative and other operating expenses during the nine months ended 30 September 2022.

10. LOSS ON DISPOSAL OF SUBSIDIARY

During the nine months ended 30 September 2022, Elegance Finance Printing Services Limited, an indirect wholly-owned subsidiary of the Company, completed the disposal of a 100% equity interest in Teamco Translation Limited (“Teamco”) to Lau Wai Yan Lawson, an executive Director, for nominal proceeds of HK\$1 realising a net loss on disposal of approximately HK\$635,000. The principal activity of Teamco was provision of translation services.

Analysis of assets and liabilities over which the control was lost:

	<i>HK\$'000</i>
	(Unaudited)
Property, plant and equipment	16
Trade receivables and prepayments	393
Amounts due from group entities	827
Income tax receivable	60
Deferred tax assets	6
Cash and cash equivalents	336
Trade payables	(191)
Other payables and accrued expenses	(812)
	<hr/>
Net assets disposed of	635
	<hr/>
Consideration	-
Net assets disposed of	635
	<hr/>
Loss on disposal of subsidiary	635
	<hr/>
Cash consideration received	-
Less: Cash and cash equivalents disposed of	336
	<hr/>
Net cash outflow arising on disposal	336
	<hr/>

11. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (2021: nil).

12. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Group has no significant events subsequent to 30 September 2022 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Electric vehicle charging business

In the third quarter of 2022, Hong Kong's adoption rate of electric vehicles ("EV") recorded an historic high in terms of sales, with more than half of all newly registered cars being electric. This rapid trend of transitioning from internal combustion engine ("ICE") gas cars to EVs further steps up the demand for EV charging facilities, which is the backbone of the entire EV industry.

The EV-charging at Home Subsidy Scheme ("EHSS") which is rolled out and backed by the Government of the Hong Kong Special Administration Region for HK\$3.5 billion in total to subsidise the installation of EV charging-enabling infrastructure in car parks of existing private residential buildings in Hong Kong, further facilitates EV owners to install EV chargers at car parks of their residences. Cornerstone EV Charging Service Limited ("Cornerstone Charging"), a wholly-owned subsidiary of the Company, was awarded its second EHSS project in November 2022, and expects to complete this project in the second quarter of 2023. As at 30 September 2022, more than 280 applications were received covering over 45,000 parking spaces. EHSS projects will continue to be awarded in the coming months, to catch up with the delay in approvals due to the impact of COVID in the second and third quarters of 2022. To grasp every EHSS opportunity, the Company has entered into a HK\$150,000,000 green facility agreement with GAW Capital in support of finance payments in relation to the projects awarded under EHSS. In terms of the total number of car spaces, the Group has captured approximately half of the awarded projects.

The Group will continue to expand on its private subscription model and invest in the infrastructure of private car parks, and offering monthly subscription services for EV owners. For the nine months ended 30 September 2022, Cornerstone Charging has signed exclusive EV charging projects in 23 residential car parks in Hong Kong. The total number of parking spaces under exclusivity has exceeded 8,000. The total number of subscribers as at 30 September 2022 reached 120.

In October 2022, Cornerstone Charging officially launched Cornerstone GO, which is a technology platform aggregating landlords, charge point operators (“CPO”), EV drivers and marketers under one comprehensive platform. The proprietary charging solution and operating system support the scalable network of charging locations all around Hong Kong. Cornerstone GO provides immediate benefits to stakeholders of the eco-system, in particular, the improvement in charging facilities utilisation of CPOs, customers experience satisfaction, and unlocking the marketing opportunity to target EV drivers. Cornerstone GO is a platform that magnifies the network effect and propels the Company’s market penetration. It also accelerates EV adoption in Hong Kong at the same time. Cornerstone GO will provide an integrated information hub for EV drivers and enhancement of loyalty. In the long run, this platform that is uniquely designed with an integrated network and advance payment solutions will be able to consolidate the market within the region and further be replicated in overseas markets such as Southeast Asia. Under this platform, we currently have over 70 charge points, looking to expand to over 100 charge points by year end.

During the nine months ended 30 September 2022, in addition to its JV formation in Cambodia, the Group further expanded its Southeast Asian presence into Thailand, Malaysia and Indonesia. In October 2022, Cornerstone EV International Limited (“Cornerstone EV”), a wholly-owned subsidiary of the Company, formed a joint venture with Zigma EV Power Company Limited, an affiliate company of ONPA Company Limited, whose primary business includes real estate, media, entertainment, chemical and electronic products. The Group has also been selling its hardware into Malaysia and Indonesia via its distribution channels.

In November 2022, Cornerstone Charging was selected by Link Asset Management Limited, the manager of Link Real Estate Investment Trust (Link REIT; Hong Kong stock code: 823), as one of the partners in its Link EV Charging Programme, which is an important milestone in Link’s sustainability strategy. The Group will provide EV charging points in respect of 33 of the 113 Link Hong Kong car parks that will provide this service. In addition to providing EV charging services, the Group also intends to operate the EV charging infrastructure and integrate this network into its recently launched Cornerstone GO platform, website and mobile application to facilitate its customers to access and pay for these EV charging services. For the project, Cornerstone Charging intends to cooperate with CECEP (Hong Kong)

Investment Co., Ltd (“CECEPHK”) in relation to the abovementioned Link EV Charging Programme. CECEPHK is a company incorporated in Hong Kong with limited liability, its parent company CECEP Group Co., Ltd. (“CECEP”), is a Chinese Central State-owned enterprise focusing on energy conservation, clean energy supply and environmental protection.

The Group is fully committed to help reduce carbon emissions and promote a low-carbon lifestyle in Hong Kong with the objective of achieving carbon neutrality before 2050, through the promotion of green transport, as well as the popularization of EVs as stated in the government’s Hong Kong Roadmap on Popularisation of Electric Vehicles for attaining zero vehicular emissions before 2050. The Group has continued to demonstrate its strong market acceptance and its proven capabilities in EV-charging solutions. The Group is in a leading position in providing solutions for EV-charging infrastructure for all property types including but limited to residential, commercial, industrial and office buildings, theme parks, hospitals, police stations, schools, public carparks, airport and exhibition centres. The Group is committed to building an integrated and extensive charging network across Hong Kong. With its advanced solutions and rich expertise in EV-charging, the Group will continue to consolidate the market within the region and further expand its network to markets in Southeast Asia, with the mission of achieving zero vehicular emissions.

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 was relocated from Sheung Wan Shun Tak Centre to Grand Millennium Plaza in June 2022, a brand new, spacious and innovative office where also on top of Sheung Wan MTR station and our in-house printing production factory located at 7th Floor, Oceanic Industrial Centre, 2 Lee Lok Street, Hong Kong, with a usable area of approximately 32,000 sq. feets, as well as our in-house translation team in Hong Kong, which enables us to maintain timely and responsive printing and translation services to our commercial and financial printing customers.

OUTLOOK

While global EV penetration has continued to increase, EV sales in Hong Kong are also surging due to a combination of policy support, improvements in battery technology, more charging infrastructure and increasingly new compelling models from car brands from all over the world. Electrification is also spreading not just to private cars, but also to new segments of road transport, including buses, taxis, minibuses, trucks and lorries. More and more charging points are being built, yet still in serious shortage. While each country will have its own optimal mix of home, workplace and public chargers, the Group believes the more feasible model for Hong Kong is home charging. The Group will continue to focus resources on getting EV charging systems installed in residential car parks all around Hong Kong, releasing the stress of needing to line up for hours for a public charger and allowing EV drivers to gain a peace of mind by simply charging at home comfortably overnight.

Cornerstone GO will play an important role in the public charging space. The Group will continue to expand on the number of charge points, and make it the application-of-choice by all EV drivers in Hong Kong. The Group will continue to optimize the capabilities of the platform to create an easily assessable, user-friendly experience to enable its user base to easily identify, reserve, and pay for EV charging whilst accumulating loyalty credits that can be reapplied to services within the EV ecosystem.

Outside of Hong Kong, the Group continues to see growth potential in selected countries in Southeast Asia. While we strive to develop these markets with our existing local partners, the Company will also be looking at identifying potential M&A targets to scale up opportunistically.

FINANCIAL REVIEW

Revenue

During the nine months ended 30 September 2022 (the “Period”), the Company and its subsidiaries (collectively the “Group”) 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 refer 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 (the “Listing Rules”) or the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “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. During the Period, revenue is also generated from electric vehicle charging business, which can be classified into (i) sales of electric vehicle charging system to customers directly; (ii) maintenance fee income for provision of maintenance services on electric vehicle chargers installed by the Hong Kong Government as government tender won; and (iii) subscription fee income of the charging revenue of electric vehicle at public and private car parks.

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

	Nine months ended	
	30 September	
	2022	2021
	HK\$'000	<i>HK\$'000</i>
Commercial printing services	22,285	26,613
Financial printing services	16,744	13,933
Other services	1,383	1,272
	<hr/>	
Printing business	40,412	41,818
	<hr/>	
Sales of electric vehicle charging systems	19,733	3,740
Maintenance fee income	280	-
Subscription fee income	552	249
	<hr/>	
Electric vehicle charging business	20,565	3,989
	<hr/>	
Total	60,977	45,807

Our revenue increased by approximately 33.2%, from approximately HK\$45.8 million for the nine months ended 30 September 2021 to approximately HK\$61.0 million for the Period. As illustrated in the table above, such increase was mainly due to the increase in revenue from sales of electric vehicle charging systems of approximately HK\$16.0 million.

Printing business

Commercial printing services

Revenue from commercial printing services decreased by approximately 16.2%, from approximately HK\$26.6 million for the nine months ended 30 September 2021 to approximately HK\$22.3 million for the Period. Such decrease was mainly attributable to the decrease in sales orders from existing customers.

Financial printing services

Revenue from financial printing services increased by approximately 20.1%, from approximately HK\$13.9 million for the nine months ended 30 September 2021 to approximately HK\$16.7 million for the Period.

The increase in revenue from financial printing services was mainly attributable to the increase in revenue from printing of financial reporting documents and compliance documents resulting from the increase in number of customers during the Period.

Other services

Revenue from other services increased by approximately 7.7%, from approximately HK\$1.3 million for the nine months ended 30 September 2021 to approximately HK\$1.4 million for the Period, resulting from the increase in income from ad hoc design and artwork services.

Electric vehicle charging business

Sales of electric vehicle charging systems

The Group recorded a revenue of approximately HK\$19.7 million for the Period (2021: approximately HK\$3.7 million) from sales of electric vehicle charging systems, representing an increase of approximately 4.3 times as compared with that of nine months ended 30 September 2021. Such increase was mainly attributable to recognition of revenue from EHSS and increase in revenue from supply and installation of electric vehicle chargers during the Period.

Maintenance fee income

The Group recorded a revenue of approximately HK\$280,000 for the Period (2021: nil) from provision of maintenance services on electric vehicle chargers installed by the Hong Kong Government as government tender won.

Subscription fee income

The Group recorded a revenue of approximately HK\$552,000 for the Period (2021: approximately HK\$249,000) from subscription fee income of the charging revenue of electric vehicle at public and private car parks.

Cost of services

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

The cost of services incurred in relation to the printing business increased by approximately 13.1%, from approximately HK\$34.3 million for the nine months ended 30 September 2021 to approximately HK\$38.8 million for the Period. Such increase was mainly attributable to the increase in subcontracting, paper and labour costs.

The cost of services incurred in relation to the electric vehicle charging business increased by approximately 3.8 times, from approximately HK\$3.7 million for the nine months ended 30 September 2021 to approximately HK\$17.7 million for the Period. Such increase was in line with the increase in revenue from the electric vehicle charging business.

Gross profit and gross profit margin

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

	Nine months ended 30 September 2022		
	Printing business HK\$'000	Electric vehicle charging business HK\$'000	Total HK\$'000
Revenue	40,412	20,565	60,977
Cost of services	(38,758)	(17,704)	(56,462)
Gross profit	1,654	2,861	4,515
Gross profit margin	4.1%	13.9%	7.4%

	Nine months ended 30 September 2021		
	Printing business HK\$'000	Electric vehicle charging business HK\$'000	Total HK\$'000
Revenue	41,818	3,989	45,807
Cost of services	(34,295)	(3,661)	(37,956)
Gross profit	7,523	328	7,851
Gross profit margin	18.0%	8.2%	17.1%

Our gross profit decreased by approximately 43.0%, from approximately HK\$7.9 million for the nine months ended 30 September 2021 to approximately HK\$4.5 million for the Period. The decrease in the overall gross profit margin from approximately 17.1% for the nine months ended 30 September 2021 to approximately 7.4% for the Period was primarily because of the decrease in revenue from the printing business without a proportionate decrease in cost of services.

Other income

Our other income increased by approximately 41.7%, from approximately HK\$2.4 million for the nine months ended 30 September 2021 to approximately HK\$3.4 million for the Period, primarily due to the recognition of government subsidies of approximately HK\$2.7 million during the Period.

Selling expenses

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

Our selling expenses decreased by approximately 6.3%, from approximately HK\$1.6 million for the nine months ended 30 September 2021 to approximately HK\$1.5 million for the Period.

Administrative and other operating expenses

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

Our administrative and other operating expenses increased by approximately 39.1%, from approximately HK\$48.9 million for the nine months ended 30 September 2021 to approximately HK\$68.0 million for the Period. Such increase was mainly attributable to the increase in staff costs resulting from the expansion of the electric vehicle charging business.

Research and development expenses

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

Our research and development expenses increased from approximately HK\$302,000 for the nine months ended 30 September 2021 to approximately HK\$659,000 for the Period.

Finance costs

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

Our finance costs increased by approximately 122.2%, from approximately HK\$0.9 million for the nine months ended 30 September 2021 to approximately HK\$2.0 million for the Period, mainly attributable to the increase in interest on lease liabilities in respect of new leases of office commencing from 1 December 2021 and 15 December 2021 respectively.

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 Period, 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 Period (2021: 16.5%).

For the Period and the nine months ended 30 September 2021, we recorded an income tax credit of approximately HK\$529,000 and HK\$527,000 respectively.

Loss and total comprehensive expense for the period

We recorded a loss and total comprehensive expense of approximately HK\$64.4 million for the Period (2021: approximately HK\$40.9 million).

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

EVENTS AFTER REPORTING PERIOD

Saved as disclosed in this report, no material subsequent event has occurred in relation to the Company or the Group after 30 September 2022 and up to the date of this report.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in Note 10 to the Condensed Consolidated Financial Statements, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies during the Period.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

Save as the charge on investment in shares of Group companies held by certain subsidiaries of the Group in relation to the term facility of HK\$150,000,000, the Group did not have any charge on its assets and any contingent liabilities as at 30 September 2022.

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE (THE “PLACING”)

On 30 September 2021, the Company entered into a placing agreement (the “Placing Agreement”) with VBG Capital Limited (“VBG Capital”), pursuant to which VBG Capital has agreed to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons and their respective associates, to subscribe for up to 72,000,000 placing shares at the placing price of HK\$0.70 per placing share in up to two or more tranches within a certain period subject to the terms and conditions of the Placing Agreement. The terms of the Placing Agreement, including the maximum aggregate placing shares and the placing price, were subsequently revised by supplemental agreement entered into between the Company and VBG Capital on 9 November 2021, 29 November 2021 and 13 January 2022 respectively. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the Placing Agreement was HK\$1.01.

Completion of the Placing took place on 31 May 2022 upon which an aggregate of 39,520,000 placing shares, with a total nominal value of HK\$395,200, 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 (as revised by the supplemental agreements). The placing shares were issued and allotted pursuant to the specific mandate approved by the shareholders at the Company's extraordinary general meeting held on 11 April 2022. The reason for issuing the placing shares was that it will provide immediate funding to the Company to (i) invest in research and development activities in EV charging business; (ii) undertake future investment opportunities in the EV charging business sector which would, by nature, involve substantial amount of cash to undertake acquisitions of assets/business and/or in capital expenditures; (iii) sustain commercial and financial printing business operation; and (iv) serve as the working capital and general corporate purposes for the Group.

The gross proceeds and net proceeds from the Placing amounted to approximately HK\$24.5 million and HK\$23.3 million respectively and the net issue price was approximately HK\$0.59 per placing share. The net proceeds were intended to be used as to 80% for EV charging business development, as to 10% for commercial and financial printing business operation, and as to 10% for general working capital of the Group. As at 30 September 2022, the net proceeds from the Placing were fully utilised in accordance with the intended use.

For details of the Placing, please refer to the announcements of the Company dated 30 September 2021, 4 October 2021, 9 November 2021, 29 November 2021, 13 January 2022 and 31 May 2022, and the circular of the Company dated 21 March 2022.

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE IN RELATION TO SETTLEMENT OF LOAN (THE “1ST SUBSCRIPTION”)

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

Completion of the 1st Subscription took place on 31 May 2022 upon which an aggregate of 45,316,000 subscription shares, with a total nominal value of HK\$453,160, had been issued and allotted to the Creditors at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the Deed. The subscription shares were issued and allotted pursuant to the specific mandate approved by the shareholders at the Company’s extraordinary general meeting held on 11 April 2022.

As at 30 September 2022, proceeds from the loan of HK\$28.1 million were utilised as operating expenses of the electric vehicle charging business i.e. staff costs, rent and inventory costs.

For details of the 1st Subscription, please refer to the announcements of the Company dated 30 December 2021 and 31 May 2022, and the circular of the Company dated 21 March 2022.

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

On 27 June 2022, the Company and Golden Ponder Holdings Limited (“Golden Ponder”) entered into a subscription agreement (the “2nd Subscription Agreement”), pursuant to which Golden Ponder has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 32,320,000 new ordinary shares at the subscription price of HK\$0.62 per subscription share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the 2nd Subscription Agreement was HK\$0.75.

Completion of the 2nd Subscription took place on 13 July 2022 upon which an aggregate of 32,300,000 subscription shares, with a total nominal value of HK\$323,000, had been issued and allotted to Golden Ponder at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the 2nd Subscription Agreement. The subscription shares were issued and allotted pursuant to the general mandate granted to the Directors by the shareholders at the Company’s annual general meeting held on 30 June 2021. The reason for issuing the subscription shares was that it provided a good opportunity to strengthen the capital base of the Company.

The gross proceeds and net proceeds from the 2nd Subscription were approximately HK\$20.0 million and HK\$19.5 million respectively and the net issue price was approximately HK\$0.60 per subscription share. As at 30 September 2022, the net proceeds of HK\$19.5 million were fully utilized as intended, i.e. as to approximately HK\$13.5 million earmarked for electric vehicle charging business development and approximately HK\$6.0 million earmarked for general working capital of the Group.

For details of the 2nd Subscription, please refer to the announcements of the Company dated 27 June 2022 and 13 July 2022.

SUPPLEMENTAL AGREEMENTS IN RELATION TO THE GREEN FACILITY AGREEMENT AND THE SUBSCRIPTION AGREEMENTS FOR THE PROPOSED ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

Reference is made to the announcement (the “Announcement”) of the Company dated 31 March 2022 in relation to the entering into by the Company of (i) the Green Facility Agreement for the term facility of HK\$150,000,000, (ii) the Subscription Agreement A for the issue and subscription of an aggregate of 153,000,000 Warrants comprising 120,000,000 Warrants (Tranche 1 Warrants) and 33,000,000 Warrants (Tranche 2 Warrants) and (iii) the Subscription Agreement B for the issue and subscription of 27,000,000 Warrants (Subscriber B Warrants). Unless otherwise stated, capitalised terms used in this subsection shall have the same meanings as those defined in the Announcement.

Pursuant to Subscription Agreement A, and as disclosed in the Announcement, the Company shall issue an aggregate of 153,000,000 Warrants comprising 120,000,000 Warrants (Tranche 1 Warrants) and 33,000,000 Warrants (Tranche 2 Warrants) to Steady Flake Limited (Subscriber A).

Pursuant to Subscription Agreement B, and as disclosed in the Announcement, the Company shall issue an aggregate of 27,000,000 Warrants (Subscriber B Warrants) to Seed Lock Limited (Subscriber B).

Pursuant to the Green Facility Agreement, and as disclosed in the Announcement, the rate of interest on each Loan under the Green Loan Facility shall be 10% per annum.

On 24 May 2022, the Company:

- (i) as issuer entered into Supplemental Agreement (1) with Subscriber A as subscriber pursuant to which the parties have agreed, amongst other things, that the obligations of the parties for the issue and subscription of Tranche 2 Warrants shall be suspended indefinitely and the issue and subscription of Tranche 2 Warrants will not proceed;

- (ii) as issuer entered into Supplemental Agreement (2) with Subscriber B as subscriber pursuant to which the parties have agreed, amongst other things, that the obligations of the parties for the issue and subscription of Subscriber B Warrants shall be suspended indefinitely and the issue and subscription of Subscriber B Warrants will not proceed; and
- (iii) as borrower, Captain Source Limited (a company managed and controlled by Gaw Capital) as lender, Arranger and Green Loan Advisor, the Guarantors, and the Administrative Parties, entered into Supplemental Agreement (3), under which the rate of interest on each Loan under the Green Loan Facility will be raised to 20% per annum after 15 months from the date of Supplemental Agreement (3).

Save and except the above amendments, all other terms and conditions contained in (a) Subscription Agreement A in respect of the issue and subscription of Tranche 1 Warrants and (b) the Green Facility Agreement shall remain unchanged and in full force and effect. For more details of the amendments, please refer to the Announcement, the announcement of the Company dated 24 May 2022 and the circular of the Company dated 8 July 2022.

The specific mandate which authorises the Directors to allot, issue and deal with the Tranche 1 Warrant Shares upon full exercise of the Tranche 1 Warrants was approved by the shareholders of the Company at an extraordinary general meeting of the Company held on 29 July 2022.

SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSON UNDER SPECIFIC MANDATE (THE “3RD SUBSCRIPTION”)

On 2 September 2022, the Company and Ms. Wu Yanyan (“Ms. Wu”), an executive Director, entered into a subscription agreement (the “3rd 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 3rd Subscription Agreement was HK\$0.59. The Company intends to apply the net proceeds from the 3rd Subscription, which would amount to approximately HK\$12.2 million, as working capital of the Group and for general corporate purposes.

As Ms. Wu is an executive Director and therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules, 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 to be sought for approval from the independent shareholders at the Company’s extraordinary general meeting. As at the date of this 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 5 September 2022.

DIVIDENDS

The board of Directors (the “Board”) does not recommend the payment of an interim dividend for the Period.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The corporate governance practice 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 Period, the Company had complied with all the applicable code provisions of the Code.

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 2022 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 of the Company dated 30 April 2018.

During the Period, 2,000,000 share options had been granted (2021: 28,428,000) by the Company and 48,000 share options (2021: nil) had been exercised, and the number of share options outstanding as at 30 September 2022 was 22,900,000.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and chief executives' interests 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 Period 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

Other than the Placing, the 1st Subscription, the 2nd Subscription and the 3rd Subscription as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

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

As at 30 September 2022, 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:

Long position in the shares or underlying shares of the Company

Name of Directors/chief executives of the Company	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Mr. Wu Jianwei ("Mr. Wu")	Beneficial owner/Interest of controlled corporation	259,795,225 (Note 1)	35.40%
	Beneficial owner	4,400,000 (Note 6)	0.60%
Mr. Liang Zihao ("Mr. Liang")	Beneficial owner/Interest of controlled corporation	249,311,225 (Note 2)	33.97%
	Beneficial owner	4,400,000 (Note 6)	0.60%
Mr. Lau Wai Yan Lawson ("Mr. Lau")	Beneficial owner/Interest of controlled corporation	30,302,703 (Note 3)	4.13%
	Beneficial owner	1,100,000 (Note 6)	0.15%
Mr. Pan Wenyuan ("Mr. Pan")	Interest of controlled corporation	27,096,000 (Note 4)	3.69%
Mr. Li Man Keung Edwin ("Mr. Li")	Beneficial owner/Interest of controlled corporations	104,304,613 (Note 5)	14.21%
	Beneficial owner	4,400,000 (Note 6)	0.60%
Mr. Sam Weng Wa Michael	Beneficial owner	440,000 (Note 6)	0.06%
Ms. Wu Yanyan	Beneficial owner	18,750,000	2.55%
Mr. Tam Ka Hei Raymond	Beneficial owner	440,000 (Note 6)	0.06%
Mr. Yuen Chun Fai	Beneficial owner	440,000 (Note 6)	0.06%
Ms. Zhu Xiaohui	Beneficial owner	440,000 (Note 6)	0.06%
Mr. Ko Shu Ki Kenneth	Beneficial owner	1,432,000	0.20%
Mr. Yip Shiu Hong	Beneficial owner	5,997,905	0.82%
Mr. Ng Sze Chun	Beneficial owner	2,998,953	0.41%

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 24,192,000 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 13,708,000 Shares.
3. 22,802,703 Shares are held by Cornerstone Wealth Holdings Limited ("Cornerstone Wealth") which is wholly owned by Mr. Lau. Mr. Lau is deemed to be interested in the Shares in which Cornerstone Wealth is interested under the SFO. Mr. Lau also directly holds 7,500,000 Shares.
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 the SFO.
5. 17,392,000 Shares and 81,000,000 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 5,912,613 Shares.
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.

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to 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' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2022, 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:

Long positions in the shares or underlying shares of the Company

Name of substantial shareholders	Capacity	Number of shares held	Percentage of issued share capital
Global Fortune	Beneficial owner <i>(Note 1)</i>	235,603,225	32.10%
Tanner Enterprises	Beneficial owner/Interest of controlled corporation <i>(Note 2)</i>	98,392,000	13.41%
Glorytwin	Beneficial owner <i>(Note 2)</i>	81,000,000	11.04%

Notes:

- 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.
- 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.

Save as disclosed above, as at 30 September 2022, 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 Period, 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.

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 comprises of 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 Period 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.

BOARD OF DIRECTORS

As at the date of this report, the Directors are:

Executive Directors:

Mr. Liang Zihao (*Co-Chairman*)

Mr. Li Man Keung Edwin (*Vice Chairman*)

Mr. Sam Weng Wa Michael

Mr. Lau Wai Yan Lawson

Mr. Pan Wenyuan

Ms. Wu Yanyan (appointed on 29 August 2022)

Mr. Yeung Chun Yue David (appointed on 29 August 2022)

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 (appointed on 29 August 2022)

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

Hong Kong, 11 November 2022