# 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)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board ("**Board**") of directors ("**Directors**") of Cornerstone Technologies Holdings Limited ("**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the consolidated results of the Group for the year ended 31 December 2022. This announcement, containing the full text of the 2022 annual report of the Company, complies with the relevant requirements of the Rules ("**GEM Listing Rules**") Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of the annual results.

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

Hong Kong, 31 March 2023

*As at the date of this announcement, the executive Directors are Mr. LIANG Zihao, Mr. LI Man Keung Edwin, Mr. SAM Weng Wa Michael, 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.*

# CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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**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.**

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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.

# Content

# Corporate Information

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

**NON-EXECUTIVE DIRECTOR**
Mr. Wu Jianwei *(Co-chairman)*

**INDEPENDENT NON-EXECUTIVE DIRECTORS**
Mr. Tam Ka Hei Raymond
Mr. Yuen Chun Fai
Ms. Zhu Xiaohui
Mr. Ko Shu Ki Kenneth *(Note 2)*

**COMPLIANCE OFFICER**
Mr. Liang Zihao

**AUTHORISED REPRESENTATIVES**
Mr. Liang Zihao
Mr. Chu Pui Ki Dickson

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

**REMUNERATION COMMITTEE**
Ms. Zhu Xiaohui *(Chairman)*
Mr. Liang Zihao
Mr. Tam Ka Hei Raymond
Mr. Ko Shu Ki Kenneth *(Note 2)*

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

*Note 1:* Appointed as Vice Chairman on 18 March 2022
*Note 2:* Appointed on 29 August 2022

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

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Cayman Islands

**PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT**
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**HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**
Tricor Investor Services Limited
17/F, Far East Finance Centre
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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

# Chairman's Statement

On behalf of the board of Directors (the "Board") of Cornerstone Technologies Holdings Limited (the "Company"), it gives me great pleasure to present to you our annual report for the year ended 31 December 2022 (the "Year under review").

As the world transitions towards a low-carbon economy, the demand for electric vehicles (EVs) has been increasing rapidly, leading to a growing need for charging infrastructure to support EVs in Hong Kong. It is an exciting time for the industry and for Cornerstone, as companies and organizations around the world are working together to provide convenient and sustainable charging solutions for EVs. In Hong Kong, we have seen a significant increase in the number of EVs on the road, drivers are quickly adapting to the new driving behavior and as a result, the need for charging infrastructure has become more crucial.

Over the past year, the Company has continued to grow and expand our network of electric vehicle charging stations across Hong Kong. Our team has worked tirelessly to deliver high-quality charging solutions to an ever-growing number of electric vehicle owners, asset owners and fleet operators alike. As a result, we are proud to announce that we have increased our charging infrastructure in the region by ten times over the past year, significantly increasing our market share in the industry. Our efforts have been particularly successful in the commercial and residential sectors, where we have secured major contracts and partnerships with leading stakeholders in Hong Kong.

Despite the unforeseeable and unprecedented challenges posed by the Covid-19 pandemic, the Company has maintained a positive financial performance for the year 2022 with revenue growing by 3.7 times. We have been diligent in monitoring our cash flow, operating expenses, and capital expenditures to ensure that we remain financially stable and viable in the long run. Additionally, we have secured new funding and have captured the interest of potential investors, and that has enabled us to begin the expansion of our operations within and beyond the Hong Kong market.

The government of Hong Kong has continued to take a proactive approach to support the EV charging industry, introducing subsidies and incentives for building infrastructure and charging stations. The private sector has also been actively investing in the industry, creating partnerships and collaborations to develop innovative solutions.

Despite the challenges brought on by the COVID-19 pandemic, the industry has continued to grow steadily. The electric vehicle market in Hong Kong continues to grow rapidly, with more consumers embracing electric mobility solutions. The increasingly wide variety of models and rising fuel costs has attracted more drivers to switch to trade in their ICE cars for an EV, creating an acceleration of growth in the industry, with more people recognizing the need for sustainable mobility. As a leader in the industry, we have been working determinedly to offer convenient and reliable charging solutions for our customers, ensuring that the infrastructure is in place to support the growing demand of EVs. We are dedicated to meeting the increasing demand for our products and services. The Company has been actively engaging with regulatory bodies, industry stakeholders, and customers to stay ahead of market trends and developments. Our constant investment in cutting-edge technology will continue to drive our growth and success in this industry.

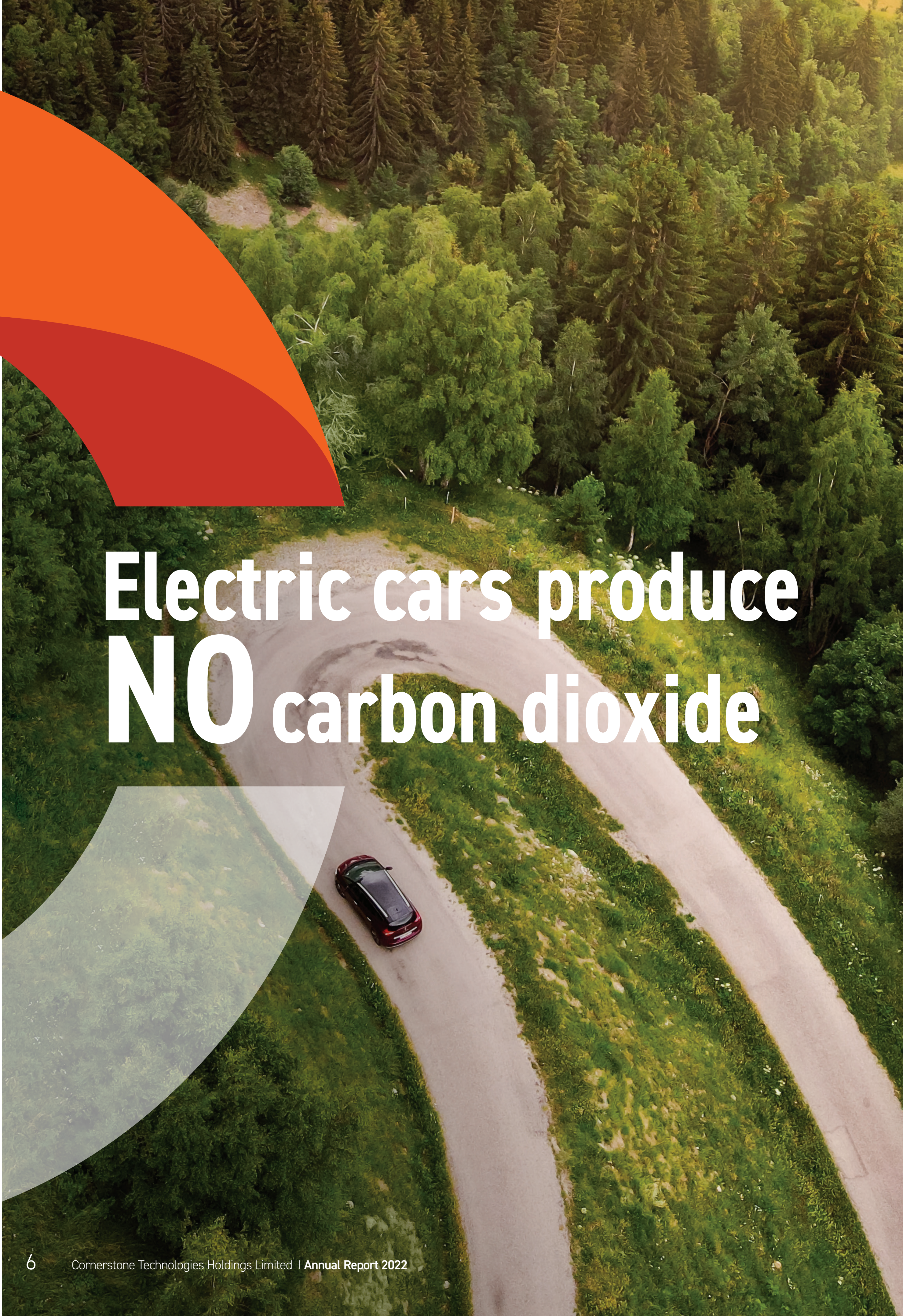
We have also taken steps to go beyond Hong Kong and starting to establish foothold in the South East Asia Markets, including Cambodia, Indonesia, Malaysia and Thailand. While these markets are still at early stages of EV adoption, they present tremendous growth potentials for the company, with their large car owning population, and the stakeholders' desire to have an experienced technology partner who can help them take on the EV charging buildout journey rapidly. We believe the overseas market will be another important growth engine for the company in the coming years.

In conclusion, we remain optimistic about the future of the EV charging industry in Hong Kong. As the world continues to prioritize sustainability, we believe that the industry will continue to grow and evolve, playing a critical role in the transformation towards zero road-side emissions and a low-carbon society. I would like to express my gratitude to our dedicated team, committed shareholders, and supportive stakeholders who contributed to our achievements over the past year. Our company remains committed to driving innovation and progress in the EV charging industry while delivering exemplary value to our customers.

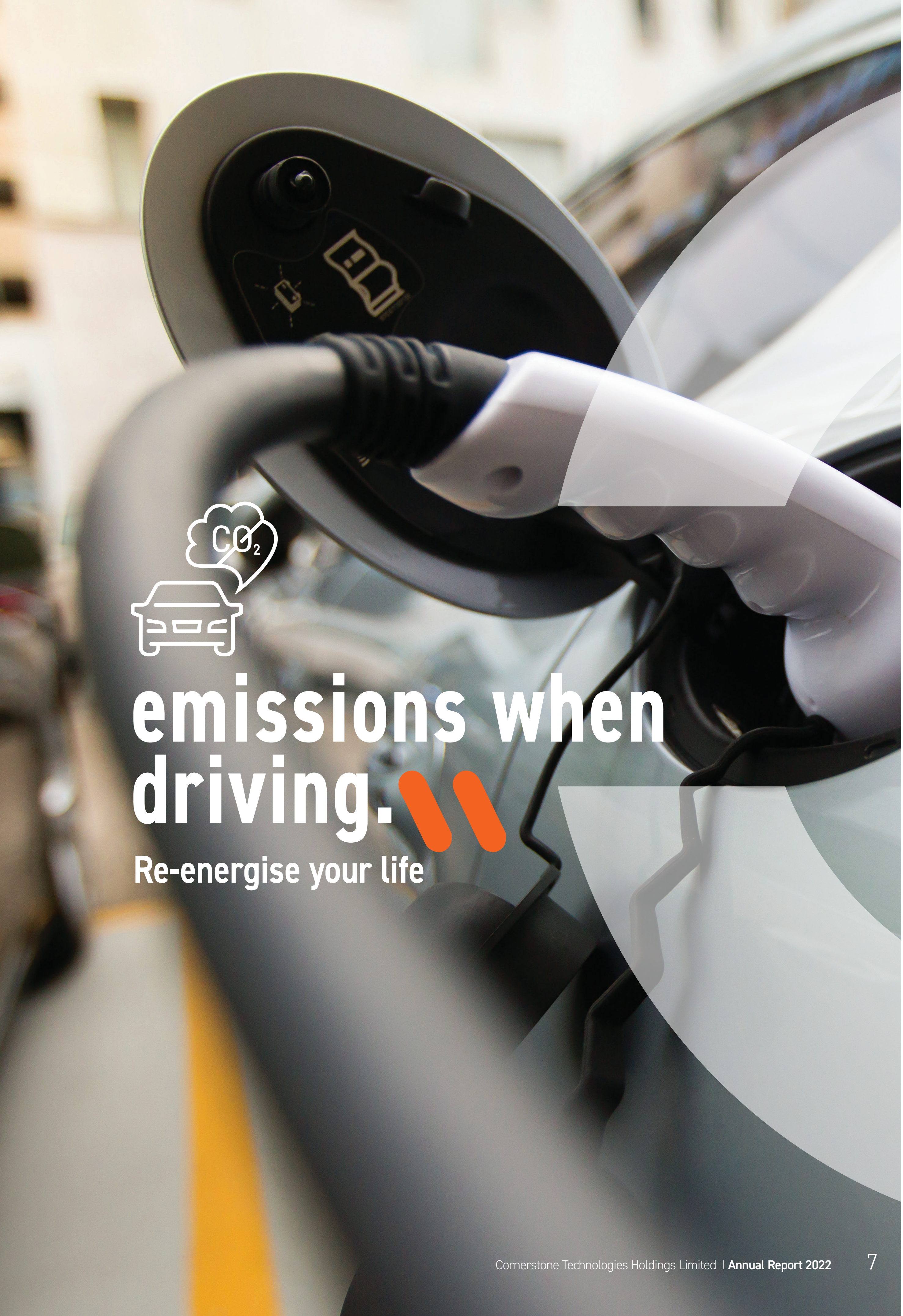
Yours sincerely,

*Co-Chairman*
**Liang Zihao**

Hong Kong, 31 March 2023



# Electric cars produce NO carbon dioxide



# emissions when driving.

Re-energise your life

# Management Discussion and Analysis

## BUSINESS REVIEW

### Electric vehicle charging business

In line with global trends, the electric vehicle ("EV") charging industry is growing at a tremendous pace in Hong Kong as well as in many other Asian countries, reflecting the growing popularity of EVs among consumers in these regions. In recent years, automakers have been investing heavily in EV technology, and have been introducing a wide variety of EV models to target and satisfy the diverse appetite of consumers. In 2022, Hong Kong's adoption rate of EV recorded an historic high in terms of sales, with more than half of all newly registered cars being electric. The Hong Kong government plays an important role and has been accelerating the growth of the industry by introducing various policies to support EV adoption. This has resulted in an uptick in demand for EV charging infrastructure, thereby creating a sizable market for the industry and for Cornerstone.

In terms of the number of charging stations installed worldwide, the industry has made a significant improvement in the past few years. China continues to lead the world in EV charging infrastructure, accounting for more than half of the world's public charging points. Europe and North America also have a growing network of charging points. In terms of growth potential, given the serious shortage of chargers, which currently is lagging behind the growing adoption of EVs in Hong Kong and rest of Asia, there is a major opportunity to seize significant growth in this part of the world. Asian countries are in many ways on the front line of climate challenges and the transport sector is one of the largest sources of greenhouse gas emissions, so the EV industry will be extremely pivotal for these Asian countries to hit their carbon neutrality targets.

The EV-charging at Home Subsidy Scheme ("EHSS") which is rolled out and backed by the Hong Kong Government 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 was awarded two EHSS projects during the year and another four in the first quarter of 2023, with an expected construction time of around two to three months. It is expected that EHSS projects will be awarded at an increased pace in the coming months, to catchup with the delay in approvals due to the impact of COVID-19 in the second half 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. As at the end of 2022, 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 Cornerstone HOME model, which is its private subscription segment, and invest in the infrastructure of private car parks, and offering monthly subscription services for EV owners. For the year ended 31 December 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 7,649. The total number of subscribers at the end of year 2022 reached 215.


# Cornerstone Technologies develops EV-Charging Easy expanding charging business


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 the overseas markets we are expanding into. Under this platform, we currently have over 70 charge points as at the year ended of 2022, targeting to add an additional 33 from the Link project within the year.

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. The Group has also been selling its hardware into Malaysia and Indonesia via its distribution channels. The Company has also recently expanded into Australia in developing charging solutions for residential projects in various regions within Australia.

In November 2022, Cornerstone 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 year ended 31 December 2022, Cornerstone delivered outstanding results with revenue increasing by about 3.7 times from HK$6.8 million for the year ended 31 December 2021 to HK$31.8 million, mainly driven by a significant increase in sales of EV Charging solutions and revenue from EHSS projects. As the performance of the EV charging industry continues to improve, driven by growing demand for electric vehicles and government policies incentivizing EV adoption, the number of chargers installed and the revenue generated by charging will both continue to rise.

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 other markets, with the mission of achieving zero vehicular emissions.

### Printing business

During the Year, in financial printing and communications sector, we actively responded to the adverse impact of the Covid-19 pandemic and keen competition, reasonably to diversify service spectrum including investor relations and ESG marketing and actively organise or co-organise professional seminars and marketing events in order to enhance brand awareness. A brand new and spacious office started to use in June 2022, aim to provide extraordinary experience to clients.

**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 coaches. More and more charging points are being built, yet still in serious shortage.

Hong Kong has long been grappling with air pollution problems. Therefore, in a bid to reduce the city's carbon footprint, the government has introduced incentives to promote EVs. These incentives include tax exemptions, registration fee waivers for EVs, and EHSS. Consequently, particularly evident in 2022, Hong Kong saw a significant increase in EV sales and the momentum is expected to carry over to 2023 and beyond. However, the charging infrastructure is still initially inadequate, creating a hindrance in EV uptake. Nonetheless, the government's efforts to increase charging facilities has provided the EV charging industry a strong push in Hong Kong.

Other parts of Asia are still at an early stage of developing its EV charging industry as the EV adoption in these regions have just started, and will require incentives and infrastructure to support it. Thailand, being one of the fastest-growing countries in the region in terms of EV adoption, introduced plans to strengthen its EV charging systems. Similarly in Australia, riding on the government's strong ambitions to tackle climate change, new policies have been introduced to accelerate the development of EV Charging facilities. Cornerstone foresees strong potential in these regions and will mobilize resources to tap on these opportunities.

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.

In 2023, in line with its overall environmental initiatives, Cornerstone is excited to introduce a new business segment that will be complimentary to its existing charging network – Cornerstone BUSINESS, which is principally engaged in the leasing of electric commercial vehicles. During the year, the Group expects to initially pilot run and launch the leasing of electric taxis and electric vans, and gradually explore this business model with other commercial vehicles.

As the EV industry continues to grow and evolve in Hong Kong as well as in the markets that Cornerstone is actively expanding into, we remain committed to working with our strategic partners to continue to build out the charging network that will accelerate the transition to fully electrifying the automotive industry. Cornerstone will continue to embrace on this commitment, to enable all drivers to make the switch.

As the Covid-19 pandemic in China and Hong Kong has smoothly entered controllable phases, we will resume business travel to China and mainly Greater Bay Area aim to reach potential IPO and ESG reporting clients. Facing a complicated world situation and prolonged keen competition, we will maintain a strong faith to keep up high flexibility and yearn for every new business opportunities.

## FINANCIAL REVIEW

### Revenue

We generate revenue from the provision of printing services in Hong Kong which are classified into (i) commercial printing services; (ii) financial printing services; and (iii) other services. Commercial printing services refer to printing services for our customers' needs of commercial paper printing products 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"). Other services primarily comprise standalone ad hoc design and/or translation work ordered by corporate customers (which is not related to listing matters) on a case-by-case basis. Revenue is also generated from electric vehicle charging business, which can be classified into (i) sales of electric vehicle charging systems to customers directly; (ii) subscription fee income of the charging revenue of electric vehicles at public and private car parks; (iii) provision of installation service income for installation of electric vehicle charging-enabling infrastructure; and (iv) maintenance fee income for provision of maintenance services on electric vehicle chargers installed by the Hong Kong Government as government tender won.

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

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | ***HK$'000*** | *HK$'000* |
| Commercial printing services | **27,728** | 30,857 |
| Financial printing services | **19,030** | 15,837 |
| Other services | **1,557** | 1,535 |
| Printing business | **48,315** | 48,229 |
| Sales of electric vehicle charging systems | **21,136** | 6,450 |
| Subscription fee income | **1,434** | 353 |
| Provision of installation service income | **8,937** | – |
| Maintenance fee income | **320** | – |
| Electric vehicle charging business | **31,827** | 6,803 |
| **Total** | **80,142** | 55,032 |

Our revenue increased by approximately 45.6%, from approximately HK$55.0 million for the year ended 31 December 2021 to approximately HK$80.1 million for the Year. As illustrated in the table above, such increase was mainly due to an increase in revenue from sales of electric vehicle charging systems of approximately HK$14.7 million and provision of installation service income of approximately HK$8.9 million during the Year.

## Printing business

### *Commercial printing services*

Revenue from commercial printing services decreased by approximately 10.4%, from approximately HK$30.9 million for the year ended 31 December 2021 to approximately HK$27.7 million for the Year. Such decrease was mainly attributable to the decrease in sales orders from existing customers during the Year.

***Financial printing services***

Revenue from financial printing services increased by approximately 20.3%, from approximately HK$15.8 million for the year ended 31 December 2021 to approximately HK$19.0 million for the Year. Such increase was mainly attributable to the increase in revenue from printing of financial reporting documents and compliance documents, resulting from an increase in the number of customers during the Year.

***Other services***

Revenue from other services amounted to approximately HK$1.6 million for the Year, which remained stable compared with that of approximately HK$1.5 million for the year ended 31 December 2021.

**Electric vehicle charging business**

***Sales of electric vehicle charging systems***

Revenue from sales of electric vehicle charging systems increased by approximately 224.6%, from approximately HK$6.5 million for the year ended 31 December 2021 to approximately HK$21.1 million for the Year. Such increase was mainly attributable to an increase in the number of customers and an increase in the sales orders for supply and installation of electric vehicle chargers from existing customers during the Year.

***Subscription fee income***

Revenue from subscription fee income increased by approximately 306.2%, from approximately HK$353,000 for the year ended 31 December 2021 to approximately HK$1.4 million for the Year. Such increase was primarily attributable to an increase in the Group's coverage of electric vehicle chargers in both public and private car parks during the Year.

***Provision of installation service income***

The Group recorded a revenue of approximately HK$8.9 million for the Year (2021: nil) from provision of installation services for project of electric vehicle charging-enabling infrastructure awarded under EHSS.

***Maintenance fee income***

The Group recorded a revenue of approximately HK$320,000 for the Year (2021: nil) from provision of maintenance services on electric vehicle chargers installed by the Hong Kong Government as government tender won.

**Cost of services**

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

Cost of services in relation to the printing business increased by approximately 12.8%, from approximately HK$42.9 million for the year ended 31 December 2021 to approximately HK$48.4 million for the Year. Such increase was mainly attributable to the increase in subcontracting, paper and labour costs during the Year.

Cost of services in relation to the electric vehicle charging business increased by approximately 4.5 times, from approximately HK$5.2 million for the year ended 31 December 2021 to approximately HK$28.6 million for the Year. Such increase was generally in line with the increase in revenue from the electric vehicle charging business during the Year.

**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 years indicated:

| | Year ended 31 December 2022 | | |
|---|---|---|---|
| | Printing business | Electric vehicle charging business | Total |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Revenue** | **48,315** | **31,827** | **80,142** |
| **Cost of services** | **(48,365)** | **(28,583)** | **(76,948)** |
| **Gross (loss) profit** | **(50)** | **3,244** | **3,194** |
| **Gross profit margin** | **(0.1)%** | **10.2%** | **4.0%** |

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

Our gross profit decreased by approximately 54.3%, from approximately HK$7.0 million for the year ended 31 December 2021 to approximately HK$3.2 million for the Year, which was primarily due to the following factors:

(i) in relation to the printing business, (a) the increase in subcontracting and labour costs caused by the various measures of governments implemented in response to the outbreak of COVID-19 pandemic, and (b) the general increase in paper costs; and

(ii) the generally lower gross profit margin of EHSS projects and the increase in the cost of electricity in relation to the electric vehicle charging business.

Accordingly, our overall gross profit margin decreased from approximately 12.7% for the year ended 31 December 2021 to approximately 4.0% for the Year.

### Other income

Our other income mainly represents interest income from bank deposits, government grant, gain on lease modification and sundry income.

Other income increased by approximately 77.8%, from approximately HK$3.6 million for the year ended 31 December 2021 to approximately HK$6.4 million for the Year, primarily due to the recognition of government grant in relation to employment support scheme during the Year.

### 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 15.0%, from approximately HK$2.0 million for the year ended 31 December 2021 to approximately HK$2.3 million for the Year. Such increase was primarily due to the increase in bonus payment to the sales staff during the Year.

### 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 offices, depreciation, office expenses, directors' remuneration, repair and maintenance of our office premises, IT maintenance and others.

Administrative and other operating expenses increased by approximately 51.1%, from approximately HK$58.5 million for the year ended 31 December 2021 to approximately HK$88.4 million for the Year. Such increase was mainly attributable to (i) the increase in impairment loss recognized on trade receivables; (ii) the recognition of impairment loss on property, plant and equipment and right-of-use assets of the printing business; and (iii) the increase in staff costs primarily due to accelerated growth of the electric vehicle charging business during the Year.

### Share-based payment expenses

Our share-based payment expenses represent equity-settled share-based payments relating to share options and warrants granted by the Company and emolument shares issued to senior management pursuant to service contracts.

Share-based payment expenses increased by approximately 8.7 times, from approximately HK$8.0 million for the year ended 31 December 2021 to approximately HK$77.5 million for the Year. Such increase was primarily due to the issue of warrants by the Company during the Year in relation to the acceptance of a term loan facility, whilst there was no such issue during the year ended 31 December 2021.

### Research and development expenses

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

Research and development expenses slightly increased to approximately HK$1.8 million for the Year from approximately HK$1.7 million for the year ended 31 December 2021.

### Finance costs

Our finance costs mainly represent interest on bank borrowings and lease liabilities, and others.

Finance costs increased by approximately 258.3%, from approximately HK$1.2 million for the year ended 31 December 2021 to approximately HK$4.3 million for the Year, mainly attributable to (i) the increase in interest expenses on lease liabilities arising from new leases of office commencing near the end of 2021; and (ii) the arrangement fee incurred on acceptance of a term loan facility.

### Income tax credit/expense

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

For the Year, the assessable profits of one of the Hong Kong incorporated subsidiaries of the Company (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 Company is calculated at the standard tax rate of 16.5% of the respective estimated assessable profits for the Year (2021: 16.5%).

For the Year, the Group recorded an income tax credit of approximately HK$3.5 million (2021: income tax expense of approximately HK$1.1 million).

### Loss and total comprehensive expense for the year

Due to the above factors, the Group recorded a loss and total comprehensive expense of approximately HK$161.2 million for the Year (2021: approximately HK$62.0 million).

### Non-HKFRS measures

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

### LBITDA and Adjusted LBITDA

During the Year, the Group incurred some one-off expenses, which are not indicative of the operating performance of the business for the Year. Therefore, the Group arrives at an adjusted LBITDA (the "Adjusted LBITDA") by eliminating the effects of certain non-cash or non-recurring items, including (i) share-based payment expenses; (ii) impairment losses recognised on trade receivables of the Group, property, plant and equipment and right-of-use assets of the printing business (iii) write off of property, plant and equipment and (iv) loss on disposal of property, plant and equipment.

The table below shows the loss for the years indicated, reconciling the Adjusted LBITDA for the years presented to the most comparable financial measures calculated in accordance with the HKFRSs:

| | For the year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | **80,142** | 55,032 |
| Cost of services | **(76,948)** | (48,069) |
| Gross profit | **3,194** | 6,963 |
| Other income | **6,416** | 3,581 |
| Selling expenses | **(2,289)** | (2,004) |
| Administrative and other operating expenses | **(88,377)** | (58,513) |
| Share-based payment expenses | **(77,472)** | (8,048) |
| Research and development expenses | **(1,830)** | (1,691) |
| Finance costs | **(4,311)** | (1,221) |
| **Loss before tax** | **(164,669)** | (60,933) |
| **Adjustment:** | | |
| Share-based payment expenses | **77,472** | 8,048 |
| Depreciation of property, plant and equipment | **6,634** | 5,636 |
| Depreciation of right-of-use assets | **13,318** | 10,240 |
| Amortisation of other intangible assets | **2,130** | 1,144 |
| Impairment loss recognised on trade receivables, net of reversal | **1,754** | 240 |
| Impairment loss recognised on property, plant and equipment | **6,742** | – |
| Impairment loss recognised on right-of-use assets | **1,226** | – |
| Write off of property, plant and equipment | **–** | 401 |
| Loss on disposal of property, plant and equipment | **–** | 15 |
| Finance costs | **4,311** | 1,221 |
| **Adjusted LBITDA** | **(51,082)** | (33,988) |

The increase in the Adjusted LBITDA for the Year was mainly attributable to the increase in staff costs of approximately HK$7.8 million of the electric vehicle charging business due to accelerated business growth.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Bank borrowings and lease liabilities of the Group amounted to approximately HK$62.9 million as at 31 December 2022 (31 December 2021: bank borrowings, loan from shareholders and lease liabilities of approximately HK$83.2 million). Details of the average interest rate and maturity profile of the Group's total borrowings, including bank borrowings, loan from shareholders and lease liabilities, are set out in the notes 23, 33 and 24 respectively to the consolidated financial statements.

The Group's debt to equity ratio, which is calculated based on the net debt (all borrowings, including bank borrowings, loan from shareholders and lease liabilities, net of cash and cash equivalents) divided by the total equity as at the year end and multiplied by 100%, was approximately 103.0% as at 31 December 2022 (31 December 2021: approximately 108.0%). The Group's current ratio, which is calculated based on the total current assets divided by the total current liabilities as at the year end, was approximately 0.6 times as at 31 December 2022 (31 December 2021: approximately 0.8 times).

The Group's gearing ratio, which is calculated based on all borrowings (including bank borrowings, loan from shareholders and lease liabilities) divided by the total equity as at the year end and multiplied by 100%, was approximately 123.7% as at 31 December 2022 (31 December 2021: approximately 135.0%).

The Group recorded net current liabilities of approximately HK$35.1 million as at 31 December 2022 (31 December 2021: approximately HK$11.3 million). The net current liabilities position as at 31 December 2022 was primarily due to a decrease in cash and bank balances coupled with an increase in bank borrowings. During the Year, the Group's operations were financed principally by revenue generated from its business operations, fund-raising activities such as placing and subscription of shares, available cash and bank balances and bank borrowings. As at 31 December 2022, the Group had cash and bank balances of approximately HK$10.5 million (31 December 2021: approximately HK$16.6 million). The Board will continue to follow a prudent treasury policy in managing its cash and bank balances and maintain a strong and healthy liquidity to ensure that the Group is well positioned to capture any appropriate business opportunities.

## CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (31 December 2021: nil).

## CAPITAL COMMITMENTS

As at 31 December 2022, the Group did not have significant capital commitments contracted but not provided for (31 December 2021: nil).

## CHARGE ON ASSETS

Save as disclosed in notes 21 and 35 to the consolidated financial statements, the Group did not have any charge on its assets as at 31 December 2022 (31 December 2021: nil).

## EXCHANGE RATE EXPOSURE

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

As at 31 December 2022 and 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.

## SIGNIFICANT INVESTMENTS HELD

During the Year, the Group did not have any significant investments (2021: nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any future plans for material investments and capital assets as at 31 December 2022.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Except as disclosed in note 34 to the consolidated financial statements, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the Year.

## 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 electric vehicle charging business; (ii) undertake future investment opportunities in the electric vehicle 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 operations; 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 applied for electric vehicle charging business development, commercial and financial printing business operations and as general corporate purposes of the Group.

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, 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 31 December 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$20.0 million respectively and the net issue price was approximately HK$0.62 per subscription share. The net proceeds were intended to be used for electric vehicle charging business development and as 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.

## GREEN FACILITY AGREEMENT AND PROPOSED ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

References are made to (i) the announcement of the Company dated 31 March 2022 in relation to the Green Facility Agreement and the Subscription Agreements (collectively the "Agreements") for the proposed issue of unlisted warrants under specific mandate; and (ii) the announcement of the Company dated 24 May 2022 regarding the Supplemental Agreements in relation to the Agreements (collectively the "Announcements"). Unless otherwise stated, capitalised terms used in this subsection have the same meanings as those set out in the Announcements.

On 30 March 2022, the Company as borrower entered into the Green Facility Agreement with Captain Source, a green loan advisor and an independent company managed and controlled by Gaw Capital, for a term loan facility with a limit of HK$150,000,000 (the "Green Loan Facility"). The loans under the Green Loan Facility will be secured, interest-bearing at 10% per annum and repayable in the eighteenth month from the date of drawdown. Subject to the terms and conditions of the Green Facility Agreement, a non-refundable arrangement fee of HK$1,500,000, calculated at 1% on the Green Loan Facility, will be payable to Capital Source. As at the date of this report, no facility had been drawn down by the Group.

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

In consideration of the granting of the Green Loan Facility by Capital Source, on 30 March 2022, the Company entered into the Subscription Agreement A with Steady Flake Limited ("Subscriber A") and the Subscription Agreement B with Seed Lock Limited ("Subscriber B"). Both Subscriber A and Subscriber B are companies managed and controlled by Gaw Capital. Pursuant to the Subscription Agreement A and the Subscription Agreement B:

(i) agreed to issue to Subscriber A an aggregate of 153,000,000 warrants, comprising 120,000,000 Warrants ("Tranche 1 Warrants") and 33,000,000 Warrants ("Tranche 2 Warrants"), conferring the rights to subscribe for an aggregate of 153,000,000 warrant shares at the initial warrant subscription price of HK$0.50 per warrant share; and

(ii) agreed to issue to Subscriber B an aggregate of 27,000,000 warrants ("Subscriber B Warrants") conferring the rights to subscribe for an aggregate of 27,000,000 warrant shares at the initial warrant subscription price of HK$0.50 per warrant share, respectively.

On 24 May 2022, the Company entered into:

(i) Supplemental Agreement (1) with Subscriber A 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) Supplemental Agreement (2) with Subscriber B 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) Supplemental Agreement (3) with Captain Source as lender, Arranger and Green Loan Advisor, and the other parties, 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 the Subscription Agreement A and the Green Facility Agreement shall remain unchanged and in full force and effect.

The specific mandate authorising 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 the extraordinary general meeting held on 29 July 2022. Issue of Tranche 1 Warrants to Subscriber A was completed on 7 November 2022.

For more details of the above, please refer to the Announcements and the circular of the Company dated 8 July 2022.

## SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSON UNDER SPECIFIC MANDATE (THE "3$^{RD}$ SUBSCRIPTION")

On 2 September 2022, the Company and Ms. Wu Yanyan ("Ms. Wu"), an executive Director, entered into a subscription agreement (the "3$^{rd}$ 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$0.62 per subscription share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the 3$^{rd}$ Subscription Agreement was HK$0.59.

As Ms. Wu is an executive Director and therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules, the 3$^{rd}$ Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

Completion of the 3rd Subscription took place on 6 March 2023 upon which an aggregate of 20,000,000 subscription shares, with a total nominal value of HK$200,000, had been issued and allotted to Ms. Wu at the subscription price of HK$0.62 per subscription share pursuant to the terms and conditions of the 3rd Subscription Agreement. The subscription shares were issued and allotted pursuant to the specific mandate approved by the independent shareholders at the Company's extraordinary general meeting held on 22 February 2023. The reason for issuing the subscription shares was that it would bring additional working capital and immediate funding for the Company's operations in the near future.

The gross proceeds and net proceeds from the 3rd Subscription were approximately HK$12.4 million and HK$12.2 million respectively and the net issue price was approximately HK$0.61 per subscription share. The net proceeds were intended to be applied as working capital of the Group and for general corporate purposes.

For details of the 3rd Subscription, please refer to the announcements of the Company dated 5 September 2022 and 22 December 2022, and the circular of the Company dated 2 February 2023.

## SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSONS UNDER SPECIFIC MANDATE (THE "4TH SUBSCRIPTION")

On 7 December 2022, the Company and Mr. Wu Jianwei, Ms. Wu, Mr. Liang Zihao and Mr. Li Man Keung Edwin (the "Subscribers"), who are either an executive Director or a non-executive Director, entered into a subscription agreement (the "4th Subscription Agreement"), pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 35,200,000 new ordinary shares at the subscription price of HK$1.144 per subscription share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the 4th Subscription Agreement was HK$2.59. The Company intends to apply the net proceeds from the 4th Subscription, which would amount to approximately HK$40.1 million, as working capital of the Group and for general corporate purposes.

As the Subscribers are Directors and therefore connected persons of the Company under Chapter 20 of the GEM Listing Rules, the 4th 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 to be held on 19 April 2023. As at the date of this report, completion of the 4th Subscription does not take place.

For details of the 4th Subscription, please refer to the announcements of the Company dated 7 December 2022 and 23 March 2023 and the circular of the Company dated 28 March 2023.

## USE OF PROCEEDS

The following table sets forth the status of net proceeds from the fund-raising activities of the Company completed during the Year. There were no unutilised net proceeds brought forward as at 1 January 2022.

| Fund-raising activity | Date of completion | Net proceeds raised (approximate) | Intended use of net proceeds | Actual use of net proceeds during the Year | Balance of net proceeds as at 31 December 2022 |
|---|---|---|---|---|---|
| The Placing | 31 May 2022 | HK$23.3 million | – 80% for electric vehicle charging business development<br>– 10% for commercial and financial printing business operations<br>– 10% for general corporate purposes | Fully utilised in accordance with the intended use | Nil |
| The 2nd Subscription | 13 July 2022 | HK$20.0 million | – 70% for electric vehicle charging business development<br>– 30% for working capital purposes | Fully utilised in accordance with the intended use | Nil |

# Biographies of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Liang Zihao (梁子豪) ("Mr. Liang")**, aged 41, obtained his bachelor of business administration, marketing from the University of Regina, Canada in 2007. Mr. Liang has been the chairman of 廣州市番禺區邦騰化工有限公司 (transliterated in English as Guangzhou Panyu District Bangteng Chemical Industry Limited*), a company that is principally engaged in the production of industrial unsaturated resin, paints and powder coating since 2007. Mr. Liang has also been the chairman of 廣州番禺區宏豪投資有限公司 (transliterated in English as Guangzhou Panyu District Honghao Investment Limited*), a company that is principally engaged in the provision of investment consultancy service and property management since 2018. Mr. Liang is primarily responsible for formulating the investment strategies in the printing business and overseeing fund raising planning and investors relations in China.

**Mr. Sam Weng Wa Michael ("Mr. Sam Weng Wa")**, aged 31, obtained his bachelor of science in business and management studies from University of Bradford in 2016. Mr. Sam Weng Wa has been the assistant manager of Champion Management Pte Ltd, a company that is principally engaged in hotel management from March 2017 to April 2018. Mr. Sam Weng Wa has also been the assistant director of Chang He Holdings Pte Ltd, a company that is principally engaged in property management in Singapore, where he is mainly responsible for sourcing new investment opportunities and managing properties since April 2018. Mr. Sam Weng Wa is primarily responsible for overseeing fundraising planning and investors relations in Singapore.

**Mr. Li Man Keung Edwin (李民強) ("Mr. Li")**, aged 55, was appointed as an executive Director of our Company on 24 August 2020 and appointed as the Vice Chairman of the Company on 18 March 2022. Mr. Li obtained his diploma of Mechanical Engineering Technician – Drafting Design and diploma of Electro-Mechanical Engineering Technician from Humber College Institute of Technology and Advanced Learning in Canada in 1990 and 1991, respectively. Since 1991, he has been a director of Kwoon Kwen Metal Ware Company Limited, a company incorporated in Hong Kong, which is principally engaged in manufacturing of small metal parts, power tools and machinery parts. He has also been a director of Kwoon Kwen Ying Enterprises Limited since 1994, a company incorporated in Hong Kong, which is principally engaged in the business of property development. Mr. Li is primarily responsible for formulating the investment strategies in the electric vehicle business and overseeing fund raising planning and investors relations in Hong Kong. He has been an executive director and the chairman of Hatcher Group Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8365) since 25 January 2022.

**Mr. Lau Wai Yan Lawson (劉偉恩) ("Mr. Lau")**, aged 44, was appointed as an executive Director of our Company on 24 August 2020. Mr. Lau obtained a bachelor of business (double major in marketing and electronic commerce) at the Edith Cowan University in Perth, Western Australia in 2002. He is currently one of the committee members of Hong Kong E-Vehicles Business General Association. Since 2018, he has been the director of Cornerstone Renewable Energy Limited, a company incorporated in Hong Kong, which is an environmental service provider principally engaged in (i) providing advanced recycling machines and solar panels; and (ii) supplying topnotch recycling and renewable energy solutions for the industry and stakeholders in the Hong Kong market. Mr. Lau is primarily responsible for the development of intelligence electric vehicle charging service with multiple payment systems in major car parks.

* *For identification purposes only*

**Mr. Pan Wenyuan ("Mr. Pan")**, aged 39, obtained his diploma in travel, tourism and hospitality management from Windsor Management College in Singapore in 2020. He has been a director of Hao Yuan Wei Holdings Private Ltd. since 2020, a company incorporated in Singapore, which is principally engaged in the business of investment holding in Singapore. He has been responsible for deal origination, structuring, execution and portfolio management. He was previously a director of YS Development Pte. Ltd., a company incorporated in Singapore, which was principally engaged in real estate investment. His main responsibilities in YS Development Pte. Ltd. were investment advisory, project development and business sourcing. On 2 July 2017, YS Development Pte. Ltd. was struck-off and dissolved due to cessation of business. Mr. Pan is primarily responsible for development of EV charging business in South East Asia.

**Ms. Wu Yanyan（吳燕燕）("Ms. Wu")**, aged 44. She graduated from the University of Bradford with a bachelor of Science Business and Management. She has over 15 years of experience in management and operation. She is currently a director of Guangdong Dongheng Furniture Group Co., Ltd.*（廣東東恒家具集團有限公司）, Lecong Oriential International Home Furnishing Exhibition Center Co., Ltd.*（樂從鎮之東方國際家居匯展中心有限公司）, Guangdong Foshan Changhe Real Estate Co., Ltd.*（廣東省佛山市長河房產有限公司）, Guangdong Foshan Lecong International Convention and Exhibition Center Co., Ltd.*（廣東省佛山市樂從國際會展中心有限公司）, Guangdong Foshan Lecong Oriental Craftsman Furniture Co., Ltd.*（廣東省佛山市樂從東方名匠家具有限公司）and Guangdong Foshan Zhengye Trading Co., Ltd.*（廣東省佛山正業貿易有限公司）. In addition, she is the director of Singapore Chang He Holdings Pte Ltd, Singapore Chang Yuan Investments Pte Ltd, Singapore Hong Ri Investments Pte Ltd and Singapore Scott's Investments Pte Ltd.

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

**Mr. Yeung Chun Yue David（楊振宇）("Mr. Yeung")**, aged 41. Mr. Yeung has over 18 years of experience in accounting and tax advisory. Mr. Yeung worked in medium-size accounting firms in Hong Kong since 2004 and became a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants in 2012. He is currently a member of the 14th Committee Member of the Guangzhou City Panyu District Chinese People's Political Consultative Conference. Besides, Mr. Yeung is a Certified Tax Advisor of the Taxation Institute of Hong Kong.

Mr. Yeung is currently an independent non-executive director of Aeso Holding Limited (stock code: 8341), Nexion Technologies Limited (stock code: 8420), TL Natural Gas Holdings Limited (stock code: 8536), their respective shares of which are listed on the GEM, and SANVO Fine Chemicals Group Limited (stock code: 301), the issued shares of which are listed on the Main Board of the Stock Exchange. He is also an executive director of Hatcher Group Limited (stock code: 8365), the issued shares of which are listed on the GEM.

## NON-EXECUTIVE DIRECTOR

**Mr. Wu Jianwei** (吳健威) **("Mr. Wu")**, aged 41, obtained a diploma in information technology from the Temasek Polytechnic (Singapore). Mr. Wu has extensive experience in investing and managing companies. He is currently the chief executive officer of Chang Yuan Investments Pte Ltd, Chang He Holdings Pte Ltd and Champion Management Pte Ltd in Singapore. His business encompasses property investment, asset management, business restructuring, hotel management and electric vehicles. He is mainly responsible for overseeing his business's performance and management and directing the formulation of business development strategies. From 2012 to 2015, under his management and leadership, his business has acquired the property investment portfolio aggregately valued over approximately SG$150.0 million at the respective purchase dates including (i) commercial offices located at Marine Parade and Paya Lebar; (ii) hotels located at Joo Chiat and North Canal; and (iii) retail, food and beverage units at Katong in Singapore. Mr. Wu is primarily responsible for providing overall leadership in the strategic development of the Group and overseeing the management of the Board.

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Tam Ka Hei Raymond** (譚家熙) **("Mr. Tam")**, aged 42, obtained his bachelor of arts degree in Accounting and Finance with Computing from University of Kent, the United Kingdom in July 2002. Mr. Tam has over 12 years of experience in corporate finance. He is currently a director of the corporate finance department at Yu Ming Investment Management Limited, a wholly-owned subsidiary of Da Yu Financial Holdings Limited (which is listed on the Main Board of the Stock Exchange) (Stock code: 1073) and a licensed holder to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Mr. Tam has also been appointed as an independent non-executive director of TIL Enviro Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1790) since 4 October 2018 and an independent non-executive director of Grand Power Logistics Group Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8489) since 11 December 2020.

**Mr. Yuen Chun Fai** (阮駿暉) **("Mr. Yuen")**, aged 44, obtained his bachelor of science in accounting and finance from The London School of Economics and Political Science in 2002. Mr. Yuen is a fellow of the Association of Chartered Certified Accountants and also a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He has over 16 years' experiences in the field of financial reporting, financial management and audit in Hong Kong, China, Malaysia and Singapore. Mr. Yuen is currently the company secretary and compliance officer of Edvance International Holdings Limited (Stock Code: 1410), a company whose shares are listed on the main board of the Stock Exchange. Mr. Yuen has also been appointed as an independent non-executive director of Hong Kong Education (Int'l) Investments Limited (now known as Bradaverse Education (Int'l) Investments Group Limited) (Stock Code: 1082), a company whose shares are listed on the main board of the Stock Exchange, since February 2022. Mr. Yuen was an executive director, the company secretary and the compliance officer of WLS Holdings Limited (Stock Code: 8021), a company whose shares are listed on the GEM of the Stock Exchange from August 2015 to August 2020.

**Ms. Zhu Xiaohui** (朱曉蕙) **("Ms. Zhu")**, aged 28, obtained her bachelor in chemistry and business studies from the University of Warwick in 2016. She worked in a raw material planning and supply chain management role at SABIC Innovative Plastics (China) Co., Ltd from 2017 to 2018. Since 2018, Ms. Zhu works in a product supply management position in Infinitus (China) Company Limited.

**Mr. Ko Shu Ki Kenneth** (高樹基) **("Mr. Ko")**, aged 43. He obtained Master of Business Administration from University of Sunderland in November 2022, professional diploma in sales management from The Hong Kong Management Association in 2012 and a postgraduate diploma in business administration from Accredited Professional Education Centre in 2021. He has extensive working experience in business management and development for over 15 years. He is recently a senior manager of Microware Limited, a member of Microware Group Limited (stock code: 1985), the issued shares of which are listed on the Main Board of the Stock Exchange, he is primarily responsible for formulating and leading the sales and marketing strategies.

## SENIOR MANAGEMENT

**Mr. Yip Shui Hong (葉兆康) ("Mr. Vincent Yip")**, aged 46, is currently the Chief Executive Officer of our Group. Mr. Vincent Yip is primarily responsible for carrying out executive functions including day-to-day business and operations management of the Group. Mr. Vincent Yip graduated from Keble College of the University of Oxford in 2000 with a Master's degree in Engineering and Computer Science.

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

**Mr. Cheung Ting Pong (張霆邦) ("Mr. Cheung")**, aged 43, is currently the chief financial officer of our Group. Mr. Cheung is primarily responsible for overseeing the Group's accounting operation and financial management. Mr. Cheung has over 15 years of experience in financial operations. He obtained a bachelor's degree in business administration (accountancy) from the City University of Hong Kong and a master's degree in business administration from the University of Manchester in the United Kingdom. He has been a fellow member of the Institute of Chartered Accountants in England and Wales, and a fellow member of Hong Kong Institute of Certified Public Accountants.

Mr. Cheung is currently the independent non-executive director of AVIC Joy Holdings (HK) Limited (stock code: 260), Longhui International Holdings Limited (stock code: 1007) and Hope Life International Holdings Limited (stock code: 1683). Mr. Cheung served as as the joint company secretary and authorized representative of Future Data Group Limited (stock code: 8229) since July 2021 to August 2021 and as the finance and investor relations director, a joint company secretary, and the authorised representative of Dalipal Holdings Limited (stock code: 1921) since September 2021 to December 2021. He also served as the company secretary of Munsun Capital Group Limited (now known as Bay Area Gold Group Limited, stock code: 1194), an executive director and a non-executive director of Sanbase Corporation Limited (stock code: 8501), and an executive director, chief financial officer and company secretary of Modern Dental Group Limited (stock code: 3600).

**Mr. Ng Sze Chun (吳思駿) ("Mr. Lawrence Ng")**, aged 37, is currently the Chief Operating Officer of our Group since 7 January 2022. Mr. Lawrence Ng is primarily responsible for maintaining the effectiveness and efficiency of the Group's overall business activities and implementing of the Group's strategic business plan. Mr. Lawrence Ng has over 10 years of management experience and worked for K11 Cultural Enterprise Businesses Group as Head of New Business and was appointed in managerial roles for C.K. Hutichson (stock code: 0001), CROCS (NASDAQ: CROX), Wang On Group (stock code: 1222) and IATS Group. He is experienced on formulating business strategy and managing overall business operation for businesses across variety of industries and markets.

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

**Mr. Ho Karl (何家豪) ("Mr. Karl Ho")**, aged 42, is currently the Chief Development Officer of our Group since 3 October 2022. Mr. Karl Ho is primarily responsible for business development and investor relationship. Mr. Karl Ho graduated from The University of Toronto. He started off his career at various bulge bracket investment banks including HSBC, Goldman Sachs and Credit Suisse where he was responsible for the origination and execution of IPOs and M&As for companies in various industries and geographies including real estate, financial institutions, retail and energy in regions such as Hong Kong, China and parts of Southeast Asia. Subsequently, he took on the role as Head of Investor Relations and Corporate Finance at China Resources Power (836.HK) and more recently Novotech Health Holdings where he played a critical role in strategies and value creation planning, capital raising, formulating the investment story, managing the expectations of the investment community such as institutional investors and sell-side equity research analysts, as well as identification, screening, and execution of acquisition projects.

**Mr. Chung Wai Tjong (鍾偉聰) ("Mr. Chung")**, aged 52, is currently the Head of International Business and Special Projects of our EV charging business. He is primarily responsible for international market development and the continuous development of EV charging technology. Mr. Chung has over 13 years of experience in EV charging industry. He is a prominent expert in local EV charging industry to offer advanced EV charging products and holistic product solutions to EV industry. Mr. Chung involved and assisted in, including but not limited to lining up Government officials and industrial stakeholders, boosting the business of the entire EV charging industry, building industry leadership and the reputation of a statutory body by proven industrial products. Mr. Chung is experienced and has advised in abundant R&D activities in EV charging system which were requested by the Government and various blue chips utility, transportation, and telecommunication companies in Hong Kong. Mr. Chung joined Mazda Motors Company (Hong Kong) Ltd., a motor service and auto trading company from July 1993 to June 1994, as a Service Advisor. Mr. Chung then joined Yiu Lian Engineering & Heavy Industry Ltd., a structural steelwork contractor in Hong Kong, from May 1994 to February 1997, as a Senior Project Engineer. Subsequently in September 1998, Mr. Chung joined SGS (HK) Ltd., an international testing and certification body, as a Senior Certification Officer. He then served as the Senior Consultant of Hong Kong Productivity Council from March 2007 to July 2017. Mr. Chung obtained his Master's degree of Engineering Business Management in September 1998 from University of Warwick (UK).

**Mr. Wong Kin Pong** (黃建邦) **("Mr. Wong")**, aged 64, is currently the Senior Operation Director of our printing business. Mr. Wong is primarily responsible for supervising the operations, sales and quality control of printing matters of our Group. Mr. Wong has over 38 years of experience in the printing industry in Hong Kong. He joined Mr. So Wing Keung's printing business, "Elegance Printing Co.", in March 1983, primarily responsible for printing operation. He joined our Group since incorporation, and was engaged for the positions of sales manager and senior operation director. Mr. Wong is also a director of Elegance Printing Company Limited since September 1992, a director of Elegance Finance Printing Services Limited since February 1995, a director of Teamco Translation Limited since April 1998 and director of Elegance Document Solutions Limited since December 2001. Mr. Wong was awarded a Craft Certificate in Graphic Reproduction (Apprentices) by the Vocational Training Council on 31 July 1980.

**Mr. Kwan Chun Sing** (關進昇) **("Mr. Tommy Kwan")**, aged 37, is currently the Head of Sales and Business Development of EV charging business since 1 December 2021. Mr. Tommy Kwan has over 10 years of strong sales management experience and worked for HKBN Enterprise Solutions Limited (stock code: 1310) as Co-Owner and Associate Director – Major Accounts and Strategic Projects. Mr. Tommy Kwan was appointed in managerial roles for HKBN Limited and Hong Kong Technology Venture Co. Ltd. (stock code: 1137), formerly known as CTI Group. He is experienced on formulating sales strategy and co-creating business value with enterprise customers and business partners. Mr. Tommy Kwan graduated from City University of Hong Kong with a bachelor's degree in business administration and marketing.

## COMPANY SECRETARY

**Mr. Chu Pui Ki Dickson** (朱沛祺) **("Mr. Chu")**, aged 38, obtained a bachelor's degree of business administration in accounting from the Hong Kong Baptist University in Hong Kong in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011. Mr. Chu has over 10 years of relevant experience in accounting and auditing and has experience in tax, internal control matters and holding the positions of company secretary and authorised representative in other companies listed on the Stock Exchange. He is currently serving as the company secretary and providing professional corporate services to companies listed in the main board and GEM of the Stock Exchange.

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# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The corporate governance practices of Cornerstone Technologies Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the Rules (the "GEM Listing Rules") Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## CODES COMPLIANCE

The Company has complied with the code provisions of the Code for the year ended 31 December 2022.

## APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

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

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

Pursuant to the Articles, Mr. Sam Weng Wa Michael, Ms. Wu Yanyan, Mr. Yeung Chun Yue David, Mr. Yuen Chun Fai, Ms. Zhu Xiaohui and Mr. Ko Shu Ki Kenneth will retire from office as Directors at the forthcoming AGM, and being eligible, will offer themselves for re-election.

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

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

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Standard of Dealings"), as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the Standard of Dealings from 1 January 2022 and up to the date of this annual report.

## BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2022 and up to the date of this annual report are as follows:

### Board of Directors

***Executive Directors***

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

The brief biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 29 to 35 of this annual report.

The Company had complied with the requirements under Rule 5.05(1) and (2), and 5.05A of the GEM Listing Rules during the year ended 31 December 2022 and up to the date of this annual report. The Company considers all independent non-executive Directors meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.

## FUNCTIONS OF THE BOARD

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

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

## BOARD MEETINGS AND PROCEDURES

Board members will be provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision C.5.3 of the Code, at least 14 days' notice will be given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and are required to abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments before the final version are endorsed in the subsequent Board meeting.

During the year ended 31 December 2022, details of the attendance of the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings, and general meeting of the Company held are summarised as follows:

| | Board meeting | Audit Committee meeting | Remuneration Committee meeting | Nomination Committee meeting | General meeting |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| Mr. Liang Zihao | 18/18 | N/A | 2/2 | 2/2 | 3/3 |
| Mr. Sam Weng Wa Michael | 18/18 | N/A | N/A | N/A | 3/3 |
| Mr. Li Man Keung Edwin | 18/18 | N/A | N/A | N/A | 3/3 |
| Mr. Lau Wai Yan Lawson | 17/18 | N/A | N/A | N/A | 3/3 |
| Mr. Pan Wenyuan | 17/18 | N/A | N/A | N/A | 3/3 |
| Ms. Wu Yanyan (appointed on 29 August 2022) | 7/7 | N/A | N/A | N/A | N/A |
| Mr. Yeung Chun Yue David (appointed on 29 August 2022) | 7/7 | N/A | N/A | N/A | N/A |
| **Non-executive Director** | | | | | |
| Mr. Wu Jianwei | 13/18 | N/A | N/A | N/A | 3/3 |
| **Independent Non-executive Directors** | | | | | |
| Mr. Tam Ka Hei Raymond | 18/18 | 5/5 | 2/2 | 2/2 | 3/3 |
| Mr. Yuen Chun Fai | 17/18 | 5/5 | N/A | 2/2 | 3/3 |
| Ms. Zhu Xiaohui | 18/18 | 5/5 | 2/2 | 2/2 | 3/3 |
| Mr. Ko Shu Ki Kenneth (appointed on 29 August 2022) | 7/7 | N/A | N/A | N/A | N/A |

During the year ended 31 December 2022, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three independent non-executive Directors representing at least one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular meetings;
- annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

## BOARD COMMITTEES

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

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

## AUDIT COMMITTEE

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

The Audit Committee currently consists of three members, namely Mr. Yuen Chun Fai (Chairman), Mr. Tam Ka Hei Raymond and Ms. Zhu Xiaohui, all being independent non-executive Directors. The Group's final results for the year ended 31 December 2022 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee is of the view that the annual results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

The Audit Committee held five (5) meetings for the period from 1 January 2022 to the date of this annual report. Details of the attendance of the Audit Committee meetings are set out above.

At the meetings, the Audit Committee had reviewed the Group's audited consolidated financial statements for the year ended 31 December 2022, the first quarterly results of the Group for the three months ended 31 March 2022, the interim results of the Group for the six months ended 30 June 2022, the third quarterly results of the Group for the nine months ended 30 September 2022 respectively, with a recommendation to the Board for approval. The Audit Committee also had a meeting with the auditor discussing on the planning of the annual audit. In addition, the Audit Committee had reviewed the Group's financing and accounting policies, the continuing connected transactions and the risk management and internal control systems of the Group and made recommendations to the Board accordingly.

## REMUNERATION COMMITTEE

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

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

The Remuneration Committee held two (2) meeting for the period from 1 January 2022 to the date of this annual report. Details of the attendance of the Remuneration Committee meeting are set out above.

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

## NOMINATION COMMITTEE

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

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

— Reputation for integrity;

— Accomplishment and experience in the commercial printing, financial printing industry and EV charging industry;

— Commitment in respect of available time and relevant interest; and

— Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

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

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

The Nomination Committee held two (2) meeting for the period from 1 January 2022 to the date of this annual report. Details of the attendance of the Nomination Committee meeting are set out above.

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

## DIVERSITY OF THE BOARD

The Board has adopted a "Board Diversity Policy" (the "Policy") which sets out the approach to achieve diversity on the Board and the Nomination Committee is responsible for monitoring the implementation of the Policy. In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Policy, including but not limited to gender, age, cultural and educational background, or professional experience etc. The Nomination Committee will discuss any revisions which may be required, and recommend any such revisions to the Board for consideration and approval.

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

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. The employee gender ratio of the Group as at 31 December 2022 is 1 male : 0.71 female. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce. The Board considers that the gender ratio in the workforce (including senior management) is satisfactory. Yet, the Group will still (i) periodically review internal records on gender diversity; (ii) identify suitable female candidates for relevant positions within the Company; and (iii) try to ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company.

The Board currently comprises of 12 Directors, two of which are female. The Board is currently of the opinion that it generally meets the diversity requirements under the GEM Listing Rules. Yet, the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness.

During the year ended 31 December 2022, the Nomination Committee has reviewed the independence of the independent non-executive Directors, to consider the qualifications of the retiring directors standing for election at the 2022 annual general meeting, to review the structure, size and composition of the Board and to review the Policy. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director will receive a formal, comprehensive and tailor-made induction training on the first occasion of his appointment to ensure that he has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under the statutes and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. During the year ended 31 December 2022, the Directors had received induction training conducted by the Company's Hong Kong legal advisers in respect of their duties and responsibilities as a director of a listed company.

The Company will from time to time provide briefings to all Directors to refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses provided by legal advisers and/or any appropriated institutions at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors (including Directors' induction training) for the year ended 31 December 2022 and up to the date of this annual report are summarised as follows:

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

Note 1: Appointed on 29 August 2022

A: attending seminars/conferences/forums/training sessions

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

## COMPANY SECRETARY

Mr. Chu was appointed as the company secretary of the Company in 2019. His biographical details are set out in the section headed "Biographies of Directors and Senior Management". During the year ended 31 December 2022, Mr. Chu attended relevant professional training for not less than 15 hours in compliance with Rule 5.15 of the GEM Listing Rules.

## EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

The remunerations of the Directors and senior management of the Group for the year ended 31 December 2022 fall within the following band:

| Remuneration band | Number of directors and senior management |
|---|---|
| Nil to HK$1,000,000 | 18 |
| HK$1,000,001 to HK$1,500,000 | 2 |
| HK$4,000,001 to HK$4,500,000 | 1 |
| HK$8,000,001 to HK$8,500,000 | 1 |

## EMOLUMENT POLICY

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

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

## DIRECTORS' REMUNERATION

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

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

## EXTERNAL AUDITORS' REMUNERATION

The Company engaged D & PARTNERS CPA LIMITED as its auditor for the year ended 31 December 2022. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the auditors. During the year ended 31 December 2022, the fees paid/payable to D & PARTNERS CPA LIMITED in respect of its audit services provided to the Group for the year ended 31 December 2022 amounted to HK$0.9 million.

## RISK MANAGEMENT AND INTERNAL CONTROL

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

The Company recognises that good internal control and risk management are essential for the long-term and sustainable growth of a business. The Group has established a governance structure and the major responsibilities of each role of the structure. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, and management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness and adequacy of these systems for the year ended 31 December 2022.

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

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

— Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

— Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

— Risk mitigation: Develop effective control activities to mitigate the risks.

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

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

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

The Audit Committee reviewed the internal control review report issued by the independent consultancy company on the Company's risk management and internal control systems in respect of the year ended 31 December 2022 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 December 2022 as required under code provision D.2.5 of the Code. The Board and the Audit Committee have considered the internal control review report prepared by the independent consultancy company and communicated with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems.

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

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

— The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

— All employees are required to strictly adhere to the employment terms regarding the management of confidential information.

— Code names are assigned to confidential projects so that any reference to them would not be linked to the projects themselves to minimize possibilities of unintentional leakage.

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

## THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

(ii) Periodic announcements are published on the websites of the Stock Exchange and the Company;

(iii) Corporate information is made available on the Company's website; and

(iv) Annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management.

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

The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the year ended 31 December 2022 and conclude that it is effective because some minority shareholders have personally approached the company and for relevant news.

**WHISTLEBLOWING POLICY**

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

**ANTI-CORRUPTION POLICY**

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

## PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

Cornerstone Technologies Holdings Limited

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

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

## PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

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

## SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the constitutional documents of the Company during the year ended 31 December 2022 and up to the date of this annual report.

In order (i) conform to the Core Standards set out in Appendix 3 of the GEM Listing Rules; (ii) allowing the Company to hold hybrid and electronic meetings; and (iii) reflecting certain updates in relation to the applicable laws of the Cayman Islands and the GEM Listing Rules and make other housekeeping amendments, the Company would amend the Articles and adopt the new Articles incorporating the said proposed amendments in substitution for, and to the exclusion of, the existing Articles (the "Proposed Amendments"). The Company would publish an announcement and AGM Circular to disclose the details of the Proposed Amendments in due course and the Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at the Company's forthcoming annual general meeting.

# Report of the Directors

The board (the "Board") of directors (the "Directors") of Cornerstone Technologies Holdings Limited (the "Company") presents herewith this report of the Directors together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group are printing services providers which principally engage in the provisions of printing, typesetting and translation services in Hong Kong. The Group also engaged in supplying EV integrated charging solutions, including central management system, hub for e-payment, load management system and license plate recognition system to electric vehicle and smart parking.

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

## BUSINESS REVIEW AND FUTURE BUSINESS DEVELOPMENT

The business review and future business development of the Group for the year ended 31 December 2022 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

### Risks and uncertainties

Various financial risks have been disclosed in note 31 to the consolidated financial statements.

### Environmental protection

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

### Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has reviewed on an ongoing basis the newly enacted laws and regulations affecting the operations of the Group. Save as disclosed in the prospectus of the Company dated 30 April 2018 (the "Prospectus"), the Group is not aware of any material non-compliance with the laws and regulations that has a significant impact on the business of the Group during the year ended 31 December 2022. All of the non-compliance incidents as disclosed in the Prospectus that are capable of being rectified had been rectified.

## KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

The Group also maintains a good relationship with its suppliers. During the year ended 31 December 2022, no complaint was received from the suppliers, there were no disputed debts or unsettled debts and all the debts were settled on or before due dates or a later date as mutually agreed.

During the year ended 31 December 2022, there were no disputes on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under individual employees' employment contracts. The Group also ensures that all employees are reasonably remunerated by regular review of the policies on salary increment, promotion, bonus, allowances and all other related benefits.

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

## EMPLOYEES

The Group had 181 employees (including the Directors) as at 31 December 2022 (31 December 2021: 185 employees) in Hong Kong. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance based bonus. The Group enters into standard employment contracts with its staff which contain provisions on intellectual property rights and confidentiality.

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

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

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

## RESULTS AND APPROPRIATIONS

The financial results of the Group for the year ended 31 December 2022 and the financial positions of the Company and the Group as at 31 December 2022 are set forth in the audited consolidated financial statements on page 81 to 176 of this annual report.

## DIVIDEND POLICY

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

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

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

The Board does not recommend the payment of final dividend for the year ended 31 December 2022 and the year ended 31 December 2021.

## FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 177 and 178 of this annual report. This summary does not form part of the audited consolidated financial statements in this annual report.

## RESERVES

Movements in the reserves of the Group during the year ended 31 December 2022 and the year ended 31 December 2021 are set out in the consolidated statement of changes in equity on page 84 of this annual report.

## DISTRIBUTABLE RESERVES

Details of movements during the year ended 31 December 2022 and the year ended 31 December 2021 in the reserves and reserves available for distribution to the Company's shareholders of the Group and the Company are set out on page 84 of this annual report and in note 37 to the consolidated financial statements. The Company did not have any distributable reserves as at 31 December 2022.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 December 2022 and the year ended 31 December 2021 are set out in note 14 to the consolidated financial statements in this annual report.

## DONATIONS

During the year ended 31 December 2022, donations made by the Group amounted to HK$15,000 (year ended 31 December 2021: Nil).

## SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 December 2022 and year ended 31 December 2021 are set out in note 27 to the consolidated financial statements in this annual report.

## DIRECTORS

The Directors who held office during the year ended 31 December 2022 and up to the date of this annual report are as follows:

### Executive Directors

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

In accordance with the Articles, all the Directors, namely Mr. Sam Weng Wa Michael, Ms. Wu Yanyan, Mr. Yeung Chun Yue David, Mr. Yuen Chun Fai, Ms. Zhu Xiaohui and Mr. Ko Shu Ki Kenneth will retire at the forthcoming annual general meeting, and all being eligible, will offer themselves for re-election as the Directors at the forthcoming annual general meeting.

## DIRECTORS' SERVICE CONTRACTS

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

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

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

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 29 to 35 of this annual report.

## DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors during the year ended 31 December 2022 are set out in note 10 to the consolidated financial statements in this annual report.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Apart from the contracts and agreements relating to the Reorganisation and save as disclosed in this annual report, there was no transaction, arrangement or contract of significance to which the Company or any related companies (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at 31 December 2022 or at any time during the year ended 31 December 2022.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme" in this annual report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company subsisting during or at the end of the year ended 31 December 2022.

## MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 40.82% and sales to the Group's largest customer amounted to approximately 17.41% of the total revenue for the year ended 31 December 2022, respectively. Purchases from the Group's five largest suppliers accounted for approximately 37.92% and purchases from the Group's largest supplier amounted to approximately 11.23% of the total purchases for the year ended 31 December 2022.

To the best knowledge of the Directors, neither the Directors, their close associates (as defined in the GEM Listing Rules), nor any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued Shares), had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended 31 December 2022.

## CONNECTED AND RELATED PARTY TRANSACTION

On 30 December 2021, the Company as debtor entered into the deed of settlement of debt with the creditors, pursuant to which the Company has conditionally agreed to issue and allot to the creditors (or their nominee(s)) an aggregate of 45,316,000 subscription shares at the subscription price of HK$0.62 per subscription share. The subscription amount payable by the creditors under the deed of settlement of debt shall be satisfied by capitalizing the entire amount of the shareholders' loan due to the creditors from the Company. Since the creditors are either substantial shareholders or Directors of the Company, and are therefore connected persons of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription will constitute a connected transaction for the Company and is subject to the announcement, reporting and independent shareholder's approval requirements under Chapter 20 of the GEM Listing Rules. The subscription was approved by the shareholders of the Company at an extraordinary general meeting of the Company held on 11 April 2022 and was completed on 31 May 2022.

On 2 September 2022, the Company entered into the subscription agreement with Ms. Wu Yanyan, pursuant to which Ms. Wu Yanyan has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 20,000,000 new Shares at the subscription price of HK$0.62 per subscription share. Ms. Wu Yanyan is an executive Director and is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the subscription constitutes a connected transaction and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The subscription was approved by the shareholders of the Company at an extraordinary general meeting held on 23 February 2023 and was completed on 6 March 2023.

On 7 December 2022, the Company entered into the subscription agreement with Mr. Wu Jianwei, Ms. Wu Yanyan, Mr. Liang Zihao, and Mr. Li Man Keung Edwin respectively, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 35,200,000 new Shares at the subscription price of HK$1.144 per subscription share. Mr. Wu Jianwei is a non-executive Director, and the Ms. Wu Yanyan is an executive Director, Mr. Liang Zihao is an executive Director and Mr. Li Man Keung Edwin is an executive Director, and are therefore connected persons of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the subscriptions constitute connected transactions and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. An extraordinary general meeting of the Company to be held on 19 April 2023 for the approval of the shareholders.

Save as disclosed above, there was no connected transaction of the Company under Chapter 20 of the GEM Listing Rules, which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements. Details of the related party transactions of the Group during the year ended 31 December 2022 are set out in note 33 to the consolidated financial statements of this annual report. None of these related party transactions are connected transactions which are subject to reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

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

During the year ended 31 December 2022, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

## PRE-EMPTIVE RIGHTS

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

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2022.

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

As at 31 December 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:

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

| Name of Director | Capacity | Number of shares or underlying shares held | Percentage of issued share capital |
|---|---|---|---|
| Mr. Wu Jianwei ("Mr. Wu") | Beneficial owner/Interest of controlled corporation | 259,795,225 *(Note 1)* | 35.25% |
| | Beneficial owner | 10,400,000 *(Note 6)* | 1.41% |
| Mr. Liang Zihao ("Mr. Liang") | Beneficial owner/Interest of controlled corporation | 249,311,225 *(Note 2)* | 33.83% |
| | Beneficial owner | 10,400,000 *(Note 6)* | 1.41% |
| Gateway Capital (Hong Kong) Limited | Investment manager | 117,000,000 *(Note 7)* | 15.88% |
| Gaw Growth Equity Fund I GP Limited | Interest of controlled corporation | 117,000,000 *(Note 7)* | 15.88% |
| Gaw Growth Equity Fund I, LPF | Interest of controlled corporation | 117,000,000 *(Note 7)* | 15.88% |
| Steady Flake Limited | Beneficial Owner | 117,000,000 *(Note 7)* | 15.88% |
| Mr. Lau Wai Yan Lawson ("Mr. Lau") | Beneficial owner/Interest of controlled corporation | 30,302,703 *(Note 3)* | 4.11% |
| | Beneficial owner | 7,100,000 *(Note 6)* | 0.96% |
| Mr. Pan Wenyuan ("Mr. Pan") | Interest of controlled corporation | 27,096,000 *(Note 4)* | 3.68% |
| | Beneficial owner | 6,000,000 *(Note 6)* | 0.81% |
| Mr. Li Man Keung Edwin ("Mr. Li") | Beneficial owner/Interest of controlled corporations | 104,304,613 *(Note 5)* | 14.15% |
| | Beneficial owner | 10,400,000 *(Note 6)* | 1.41% |
| Mr. Sam Weng Wa Michael | Beneficial owner | 6,440,000 *(Note 6)* | 0.87% |
| Ms. Wu Yanyan | Beneficial owner | 24,750,000 *(Note 8)* | 3.36% |
| Mr. Yeung Chun Yue David | Beneficial owner | 6,000,000 *(Note 6)* | 0.81% |

| Name of Director | Capacity | Number of shares or underlying shares held | Percentage of issued share capital |
|---|---|---|---|
| Mr. Tam Ka Hei Raymond | Beneficial owner | 1,040,000 *(Note 6)* | 0.14% |
| Mr. Yuen Chun Fai | Beneficial owner | 1,040,000 *(Note 6)* | 0.14% |
| Ms. Zhu Xiaohui | Beneficial owner | 1,040,000 *(Note 6)* | 0.14% |
| Mr. Ko Shu Ki Kenneth | Beneficial owner | 1,532,000 *(Note 9)* | 0.21% |
| Mr. Yip Shiu Hong | Beneficial owner | 5,997,905 | 0.81% |
| 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.

7. These shares were the shares which would be allotted and issued upon exercise in full of the Tranche 1 Warrants.

8. 6,000,000 Shares of which 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.

9. 600,000 Shares of which were the shares which would be allotted and issued upon exercise in full of the share options granted to such Director under the share option scheme of the Company.

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

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

*Notes:*

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

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

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

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

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

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executive of the Company had any interest or short position in Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 31 December 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:

| Name of Substantial Shareholder | Capacity | Number of Shares | Percentage of issued share capital |
|---|---|---|---|
| Global Fortune | Beneficial owner *(Note 1)* | 235,603,225 | 31.97% |
| Tanner Enterprises | Beneficial owner/Interest of controlled corporation *(Note 2)* | 98,392,000 | 13.35% |
| Glorytwin | Beneficial owner *(Note 2)* | 81,000,000 | 10.99% |

*Notes:*

1. Global Fortune is legally and beneficially owned as to 51% and 49% by Mr. Wu and Mr. Liang respectively. Therefore, by virtue of the SFO, Mr. Wu and Mr. Liang are deemed to be interested in all the shares held by Global Fortune.

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

Save as disclosed above, as at 31 December 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.

## SHARE OPTION SCHEME

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

### 1. Purpose of the Share Option Scheme

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

### 2. Who may join

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

### 3. Grant and Acceptance of Option

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

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

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

**4. Subscription price of Shares**

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

(a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;

(b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(c) the nominal value of the Shares.

**5. Maximum number of Shares**

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

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

**6. Time of exercise of options**

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

**7. Period of Share Option Scheme**

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

Pursuant to the Share Option Scheme, 60,200,000 share options (2021: 28,428,000) were granted to eligible participants of the Group during the year ended 31 December 2022. The movements of share options under the Share Option Scheme during the year ended 31 December 2022 are as follows:

| | | | | | Number of share options | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Category/ Name of grantees | Date of grant | Exercise price *(HK$)* | Vesting date | Exercise period | Balance as at 1 January 2022 | Granted during the year *(Note 1)* | Exercised during the year *(Note 2)* | Lapsed during the year | Cancelled during the year | Balance as at 31 December 2022 |
| **Directors/ Substantial shareholders** | | | | | | | | | | |
| Liang Zihao | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 4,400,000 | – | – | – | – | 4,400,000 |
| | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 6,000,000 | – | – | – | 6,000,000 |
| Sam Weng Wa Michael | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 440,000 | – | – | – | – | 440,000 |
| | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 6,000,000 | – | – | – | 6,000,000 |
| Li Man Keung Edwin | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 4,400,000 | – | – | – | – | 4,400,000 |
| | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 6,000,000 | – | – | – | 6,000,000 |
| Lau Wai Yan Lawson | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 1,100,000 | – | – | – | – | 1,100,000 |
| | | | 1 April 2022 | 1 April 2022 to 27 January 2031 | 3,300,000 | – | – | – | (3,300,000) | – |
| | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 6,000,000 | – | – | – | 6,000,000 |

| Category/ Name of grantees | Date of grant | Exercise price *(HK$)* | Vesting date | Exercise period | Number of share options: Balance as at 1 January 2022 | Granted during the year *(Note 1)* | Exercised during the year *(Note 2)* | Lapsed during the year | Cancelled during the year | Balance as at 31 December 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Wu Jianwei | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 4,400,000 | – | – | – | – | 4,400,000 |
| | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 6,000,000 | – | – | – | 6,000,000 |
| Wu Yanyan | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 6,000,000 | – | – | – | 6,000,000 |
| Pan Wenyuan | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 6,000,000 | – | – | – | 6,000,000 |
| Yeung Chun Yue David | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 6,000,000 | – | – | – | 6,000,000 |
| Tam Ka Hei Raymond | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 440,000 | – | – | – | – | 440,000 |
| | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 600,000 | – | – | – | 600,000 |
| Yuen Chun Fai | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 440,000 | – | – | – | – | 440,000 |
| | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 600,000 | – | – | – | 600,000 |
| Zhu Xiaohui | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 440,000 | – | – | – | – | 440,000 |
| | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 600,000 | – | – | – | 600,000 |
| Ko Shu Ki Kenneth | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 600,000 | – | – | – | 600,000 |

| Category/ Name of grantees | Date of grant | Exercise price (HK$) | Vesting date | Exercise period | Number of share options: Balance as at 1 January 2022 | Granted during the year (Note 1) | Exercised during the year (Note 2) | Lapsed during the year | Cancelled during the year | Balance as at 31 December 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Employees** | | | | | | | | | | |
| In aggregate | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 2,108,000 | – | (48,000) | – | (96,000) | 1,964,000 |
| In aggregate | 28 January 2021 | 0.54 | 1 April 2022 | 1 April 2022 to 27 January 2031 | 4,284,000 | – | – | – | (3,168,000) | 1,116,000 |
| In aggregate | 17 June 2022 | 0.85 | 17 June 2023 | 17 June 2023 to 16 June 2032 | – | 1,700,000 | – | – | – | 1,700,000 |
| In aggregate | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 3,600,000 | – | – | – | 3,600,000 |
| **Senior Management** | | | | | | | | | | |
| In aggregate | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 1,200,000 | – | – | – | 1,200,000 |
| **Consultants** | | | | | | | | | | |
| In aggregate | 28 January 2021 | 0.54 | 27 July 2021 | 27 July 2021 to 27 January 2031 | 1,760,000 | – | – | – | – | 1,760,000 |
| In aggregate | 17 June 2022 | 0.85 | 17 June 2023 | 17 June 2023 to 16 June 2032 | – | 300,000 | – | – | – | 300,000 |
| In aggregate | 17 November 2022 | 0.79 | 17 November 2023 | 17 November 2023 to 16 November 2032 | – | 3,000,000 | – | – | – | 3,000,000 |
| **Total** | | | | | 27,512,000 | 60,200,000 | (48,000) | – | (6,564,000) | 81,100,000 |

*Notes:*

1. The closing price of the shares on the trading day immediately before 17 June 2022 and 17 November 2022, on which the share options were granted, was HK$0.85 per share and HK$0.74 per share respectively.

2. The weighted average closing price of the shares immediately before the date on which the options were exercised was HK$0.9

3. The number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during the year ended 31 December 2022 divided by the weighted average number of Shares in issue for the year ended 31 December 2022 was 0.09.

4. The number of share options available for grant under the Share Option Scheme as at 1 January 2022 and 31 December 2022 was 16,536,000 and 7,143,054 respectively.

Further details of the movements of the share option during the year ended 31 December 2022 is set out in note 28 to the consolidated financial statements in this annual report.

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

## INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2022, none of the Directors or any of their respective close associates (as defined under the GEM Listing Rules) were engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor were they aware of any other conflicts of interest which any such persons had or may have with the Group.

## DIRECTORS' EMOLUMENT POLICY

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

## CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 38 to 52 of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and the best knowledge of the Directors, the Company had sufficient public float as required under Rule 17.38A of the GEM Listing Rules.

## PERMITTED INDEMNITY PROVISION

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

## AUDITOR

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

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

## EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2022, certain events has taken place and the details of the events could be referred to note 38 to the consolidated financial statements.

Save as disclosed in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this report.

On behalf of the Board

**Liang Zihao**
*Co-Chairman*

Hong Kong, 31 March 2023

# Independent Auditor's Report

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

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

## OPINION

We have audited the consolidated financial statements of Cornerstone Technologies Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 81 to 176, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

## KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment assessment of goodwill and other intangible assets***<br>*Refer to note 17 to the consolidated financial statements.* | |
| We identified the valuation of goodwill and other intangible assets as a key audit matter due to the complexity and significant judgments involved in the management's impairment assessment process.<br><br>As detailed in the note 17 to the consolidated financial statements, in determining the amount of impairment for goodwill and other intangible assets requires an estimation of the recoverable amount, which is the value in use of the cash-generating units ("CGU") to which goodwill and other intangible assets has been allocated and the Group engaged an independent external valuer to perform such valuation. The value in use is based on cash flow forecast of the CGU of the asset management business and take into account the key assumptions used by management which including discount rate adopted for cashflow forecast and growth rate of revenue.<br><br>Based on the managements' assessment, no impairment losses of goodwill and other intangible assets were recognised in profit or loss respectively, during the year ended 31 December 2022 (2021: Nil). | Our procedures in relation to impairment assessment of goodwill and other intangible assets included:<br><br>• understood how the management perform impairment assessment including the preparation of cash flow forecast and assumptions estimation;<br><br>• evaluated the independent external valuer's qualification, capabilities and objectivity;<br><br>• evaluated the appropriateness of the value in use valuation model and checked its mathematical accuracy;<br><br>• evaluated the appropriateness of the key assumptions used in the cash flow forecast, including discount rate, growth rate of revenue by discussing with the management with reference to their expectations for market development and compared with the most recent financial performance available;<br><br>• performed sensitivity analysis on key assumptions and assessed the potential impact on the value in use; and<br><br>• evaluated the historical accuracy of the cash flow forecast and actual performance for the year and future prospect from the CGU.<br><br>Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment assessment of goodwill and other intangible assets to be supported by the available evidence. |

## KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment of property, plant and equipment and right-of-use assets***<br>*Refer to notes 14 and 15 to the consolidated financial statements.* | |
| As at 31 December 2022, management assessed the Group's printing business' assets mainly comprising leasehold improvements, plant and machinery and right-of-use assets for indication of impairment. The economic facing by the Group may adversely impact the recoverable values of the assets used in printing business which is considered to be a triggering event for impairment review.<br><br>Management considered property, plant and equipment and right-of-use assets of printing business to be a cash generating unit ("CGU"). The recoverable amount of the property, plant and equipment and right-of-use assets of printing business is assessed by value-in-use calculations which are based on future discounted cash flows on a cash generating unit basis.<br><br>Management engaged an external valuer to value the discount rate adopted in value-in-use calculations.<br><br>Based on the managements' assessment, management has concluded that there were impairment losses amounted to approximately HK$6,742,000 and HK$1,226,000 in respect of the property, plant and equipment (2021: Nil) and right-of-use assets (2021: Nil) respectively were recognised in profit and loss during the year ended 31 December 2022. | Our procedures in relation to the impairment of property, plant and equipment and right-of-assets included:<br><br>(a) assessed the competence, capabilities and objectivity of management's external valuer;<br><br>(b) obtained the valuation report and discussed with the external valuer on the methodologies and key assumptions used in determination of discount rate;<br><br>(c) obtained an understanding on the Group's policies and procedures to identify impairment indicators;<br><br>(d) gained an understanding of the calculations based on the cash flow forecast of printing business used by management in determining the impairment loss of the property, plant and equipment and right-of-use assets;<br><br>(e) compared the forecasted sales performance to the approved budget and business plan, and compared estimated running costs to printing business's performance; |

## KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment of property, plant and equipment and right-of-use assets*** *(Continued)*<br>*Refer to notes 14 and 15 to the consolidated financial statements. (Continued)* | |
| This area is significant to our audit because of the significance of the carrying amounts of the assets and the significant management judgement involved in determining the value-in-use prepared based on future discounted cash flows. The judgement focuses on growth rates, gross margins and discount rates. All these factors are with estimation uncertainties and may impact the results of the impairment assessment. | (f) discussed with management the business plan and evaluated the reasonableness of those plans with the historical performance of printing business and latest market trend;<br><br>(g) assessed the reasonableness of key assumptions such as growth rates and gross margin based on available market reports and historical trend analyses;<br><br>(h) reconciled input data to supporting evidence, such as inflation rates, strategic plans and market data; and<br><br>(i) checked accuracy of the mathematical calculations of value-in-use and impairment loss.<br><br>Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessment to be supported by the available evidence. |

## KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Revenue recognition from the provision of financial printing services on IPO projects***<br>*Refer to note 5 to the consolidated financial statements.* | |
| The Group recognised revenue of approximately HK$80,142,000 (2021: HK$55,032,000) from the provision of integrated printing services, the electric vehicle charging solution, installation services, maintenance services and sales of electric vehicle charging system for the year ended 31 December 2022.<br><br>Revenue from provision of financial printing services on IPO projects of approximately HK$246,000 (2021: HK$335,000) is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. This is identified as a key audit matter because the amount involved is significant and management used significant judgements and estimations to determine the progress towards complete satisfaction of the performance obligation at the reporting date. | Our procedures in relation to revenue cognition from the provision of financial printing services on IPO projects included:<br><br>(a) inspected key contract terms as stipulated in sales contracts or quotation signed, on a sample basis, to assess the appropriateness of the Group's revenue recognition accounting policies with reference to the requirements of the prevailing accounting standards;<br><br>(b) checked the reasonableness of the estimated total services costs to complete the projects by tracing to the contracts signed with respective customers and assessed the reasonableness of the data used in the estimation with reference to historical records of similar project; and<br><br>(c) checked, on a sample basis, the supporting documents of and the mathematical accuracy of the incurred costs to date.<br><br>Based on the audit procedures performed, we found the key judgements and assumptions used in the revenue recognition from the provision of financial printing services on IPO projects to be supported by the available evidence. |

## KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Revenue recognition of installation service contracts***<br>*Refer to notes 5 and 19 to the consolidated financial statements*<br><br>The Group recognised revenue from installation service contracts amounting to approximately HK$8,937,000 for the year ended 31 December 2022 (2021: Nil), and had contract assets of approximately HK$276,000 (2021: Nil) and contract liabilities of approximately HK$125,000 (2021: Nil) as at 31 December 2022.<br><br>Revenue from provision of installation service is recognized over time by measuring the progress towards completion of the Group's performance obligations as set out in respective contracts. For the year ended 31 December 2022, the Group recognised revenue using output method. The decision as to which method to use is made for each contract, after considering the nature of services that the Group promised to transfer to the customer. The determination of the estimated value of the installation works complete to date for different projects involved significant management's judgement and estimates which may have significant impact on the amount and timing of revenue recognized. We focused on this area as a key audit matter due to the significance of the revenue and the related costs to the Group's consolidated financial statements and the significance of the judgement and estimates involved. | Our procedures in relation to revenue recognition of installation service contracts included:<br><br>(a) understood the basis of estimation of the budgets through discussion with the management who are responsible for reviewing budgeted costs and budgeted revenue of the installation service contracts, and evaluated the reasonableness of the estimated profit margins;<br><br>(b) inspected, on a sample basis, the terms and conditions of installation service contracts such as contract sum, construction period, performance obligations, payment schedule and retention etc.;<br><br>(c) assessed and checked, on a sample basis, the accuracy of the budgeted installation service revenue by agreeing to contracts sum as set out in the contracts and the agreements entered with customers;<br><br>(d) tested, on a sample basis, the contract costs incurred to date to supporting documents including the subcontractor payment certificates and suppliers' invoices, etc.;<br><br>(e) recalculated, on a sample basis, the percentage of completion based on the latest budgeted final costs and the total actual costs incurred; and<br><br>(f) assessed, on a sample basis, the appropriateness of contract assets/contract liabilities and performed recalculation on progress of satisfying the performance obligation, revenue and gross profit.<br><br>Based on the audit procedures performed, we found the key judgements and assumptions used in the revenue recognition of installation service contracts to be supported by the available evidence. |

## OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

**D & PARTNERS CPA LIMITED**
*Certified Public Accountants*
Wong Ho Fung
Practising Certificate Number: P07542
Hong Kong
31 March 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

*For the year ended 31 December 2022*

| | Note | 2022 HK$'000 | 2021 HK$'000 |
|---|---|---|---|
| **Revenue** | 5 | **80,142** | 55,032 |
| Cost of services | | **(76,948)** | (48,069) |
| Gross profit | | **3,194** | 6,963 |
| Other income | 6 | **6,416** | 3,581 |
| Selling expenses | | **(2,289)** | (2,004) |
| Administrative and other operating expenses | | **(88,377)** | (58,513) |
| Share-based payment expenses | | **(77,472)** | (8,048) |
| Research and development expenses | | **(1,830)** | (1,691) |
| Finance costs | 7 | **(4,311)** | (1,221) |
| **Loss before tax** | | **(164,669)** | (60,933) |
| Income tax credit/(expense) | 8 | **3,482** | (1,066) |
| **Loss and total comprehensive expense for the year** | 9 | **(161,187)** | (61,999) |
| **Loss and total comprehensive expense for the year attributable to:** | | | |
| Owners of the Company | | **(160,311)** | (61,364) |
| Non-controlling interests | | **(876)** | (635) |
| | | **(161,187)** | (61,999) |
| **Loss per share attributable to owners of the Company** | | | |
| Basic and diluted *(HK cents)* | 13 | **(23.64)** | (10.46) |

# Consolidated Statement of Financial Position

*As at 31 December 2022*

| | Note | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *14* | **27,660** | 15,261 |
| Right-of-use assets | *15* | **35,132** | 53,683 |
| Other intangible assets | *16* | **23,110** | 18,626 |
| Goodwill | *17* | **30,080** | 30,080 |
| Deposits | *20* | **3,687** | 6,747 |
| Deferred tax assets | *26* | **4,638** | 4 |
| | | **124,307** | 124,401 |
| **Current assets** | | | |
| Inventories | *18* | **7,723** | 7,494 |
| Contract assets | *19* | **276** | — |
| Trade and other receivables, prepayments and deposits | *20* | **27,251** | 21,437 |
| Tax recoverable | | **—** | 60 |
| Bank balances and cash | *21* | **10,522** | 16,622 |
| | | **45,772** | 45,613 |
| **Current liabilities** | | | |
| Contract liabilities | *19* | **847** | 722 |
| Trade and other payables | *22* | **41,735** | 16,937 |
| Bank borrowings | *23* | **25,441** | 67 |
| Lease liabilities | *24* | **7,809** | 11,042 |
| Amounts due to shareholders | *33* | **5,025** | — |
| Loan from shareholders | *33* | **—** | 28,100 |
| | | **80,857** | 56,868 |
| **Net current liabilities** | | **(35,085)** | (11,255) |
| **Total assets less current liabilities** | | **89,222** | 113,146 |

*As at 31 December 2022*

| | Note | 2022<br>HK$'000 | 2021<br>HK$'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | 24 | **29,695** | 44,037 |
| Provisions | 25 | **2,799** | 2,760 |
| Deferred tax liabilities | 26 | **5,837** | 4,681 |
| | | **38,331** | 51,478 |
| **NET ASSETS** | | **50,891** | 61,668 |
| **Capital and reserves** | | | |
| Share capital | 27 | **7,370** | 6,078 |
| Reserves | | **45,032** | 56,225 |
| Equity attributable to owners of the Company | | **52,402** | 62,303 |
| Non-controlling interests | 36 | **(1,511)** | (635) |
| **Total equity** | | **50,891** | 61,668 |

The consolidated financial statements on pages 81 to 176 were approved and authorised for issue by the Board of Directors on 31 March 2023 and signed on its behalf by

**Liang Zihao**
*Director*

**Li Man Keung Edwin**
*Director*

# Consolidated Statement of Changes in Equity

*For the year ended 31 December 2022*

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | | |
| | Share capital HK$'000 | Share premium HK$'000 (Note i) | Capital reserve HK$'000 (Note ii) | Share-based payments reserve HK$'000 | Accumulated losses HK$'000 | Total HK$'000 | Non-controlling interests HK$'000 (Note iii) | Total equity HK$'000 |
| **At 1 January 2021** | 4,805 | 71,267 | 17,802 | – | (30,418) | 63,456 | – | 63,456 |
| Issue of shares pursuant to the share placing *(Note iv)* | 497 | 18,856 | – | – | – | 19,353 | – | 19,353 |
| Issue of shares pursuant to the share subscription *(Note v)* | 776 | 32,034 | – | – | – | 32,810 | – | 32,810 |
| Recognition of equity-settled share based payment | – | – | – | 8,048 | – | 8,048 | – | 8,048 |
| Loss and total comprehensive expense for the year | – | – | – | – | (61,364) | (61,364) | (635) | (61,999) |
| **At 31 December 2021** | 6,078 | 122,157 | 17,802 | 8,048 | (91,782) | 62,303 | (635) | 61,668 |
| Issue of shares pursuant to the share placing *(Note vi)* | **395** | **22,882** | **–** | **–** | **–** | **23,277** | **–** | **23,277** |
| Issue of shares pursuant to the share subscription *(Note vii)* | **777** | **47,358** | **–** | **–** | **–** | **48,135** | **–** | **48,135** |
| Issue of shares pursuant to the service contracts *(Note viii)* | **90** | **8,007** | **–** | **(8,097)** | **–** | **–** | **–** | **–** |
| Issue of shares pursuant to the warrants agreement *(Note ix)* | **30** | **3,143** | **–** | **(1,673)** | **–** | **1,500** | **–** | **1,500** |
| Issue of shares pursuant to share option scheme *(Note 28)* | **–*** | **40** | **–** | **(14)** | **–** | **26** | **–** | **26** |
| Recognition of equity-settled share based payment | **–** | **–** | **–** | **77,472** | **–** | **77,472** | **–** | **77,472** |
| Loss and total comprehensive expense for the year | **–** | **–** | **–** | **–** | **(160,311)** | **(160,311)** | **(876)** | **(161,187)** |
| **At 31 December 2022** | **7,370** | **203,587** | **17,802** | **75,736** | **(252,093)** | **52,402** | **(1,511)** | **50,891** |

* Represent the amount less than HK$1,000

*Note i:* Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

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

*Note iii:* As at 31 December 2021, the Group had the non-controlling interests ("NCI") arising from its 75% equity interest in a subsidiary of the Group, Elegance Financial Communications Limited. Details of non-controlling interests are set out in note 36.

*Note iv:* On 4 January 2021, an aggregate of 49,625,000 placing shares have been successfully placed at the placing price of HK$0.40 per placing share pursuant to the terms and conditions of the placing agreement. Pursuant to the terms of the placing agreement, 2.5% of gross proceeds from the share placing have been deducted as the placing commission paid to the placing agents. The placing commission of approximately HK$497,000 has been paid to placing agents during the year ended 31 December 2021.

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

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

*Note vi:* On 31 May 2022, an aggregate of 39,520,000 placing shares have been successfully placed at the placing price of HK$0.62 per placing share pursuant to the terms and conditions of the placing agreement. Pursuant to the terms of the placing agreement, 5% of gross proceeds from the share placing have been deducted as the placing commission paid to the placing agents. The placing commission of approximately HK$1,225,000 has been paid to placing agents during the year ended 31 December 2022.

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

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

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

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

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

# Consolidated Statement of Cash Flows

*For the year ended 31 December 2022*

| | 2022<br>*HK$'000* | 2021<br>*HK$'000* |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Loss before tax | **(164,669)** | (60,933) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **6,634** | 5,636 |
| Depreciation of right-of-use assets | **13,318** | 10,240 |
| Amortisation of other intangible assets | **2,130** | 1,144 |
| Impairment loss recognised on trade receivables, net of reversal | **1,754** | 240 |
| Impairment loss recognised on property, plant and equipment | **6,742** | – |
| Impairment loss recognised on right-of-use assets | **1,226** | – |
| Write off property, plant and equipment | **–** | 401 |
| Interest income | **(198)** | (138) |
| Finance costs | **4,311** | 1,221 |
| Loss on disposal of property, plant and equipment | **–** | 15 |
| Gain on lease modification | **(1,980)** | – |
| Gain on termination of lease | **(97)** | – |
| Reinstatement provision expenses | **39** | 37 |
| Share-based payment expenses | **77,472** | 8,048 |
| **Operating cash flows before movements in working capital** | **(53,318)** | (34,089) |
| Increase in inventories | **(229)** | (3,833) |
| (Increase)/decrease in contract assets | **(276)** | 434 |
| Increase in trade and other receivables and deposits | **(4,976)** | (10,270) |
| Increase in contract liabilities | **125** | 330 |
| Increase/(decrease) in trade and other payables | **26,055** | (18,132) |
| Cash used in operations | **(32,619)** | (65,560) |
| Hong Kong Profits Tax refunded | **–** | 889 |
| Interest received | **2** | 6 |
| **NET CASH USED IN OPERATING ACTIVITIES** | **(32,617)** | (64,665) |

*For the year ended 31 December 2022*

| | 2022 | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | **(25,791)** | (2,336) |
| Purchase of other intangible assets | **(2,114)** | (288) |
| Development costs paid | **(4,500)** | (7,383) |
| Payments for rental deposits | **(20)** | (3,843) |
| Net cash outflow on disposal of a subsidiary | **(336)** | – |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(32,761)** | (13,850) |
| **FINANCING ACTIVITIES** | | |
| Repayment of bank borrowings | **(67)** | (200) |
| New borrowings raised | **25,347** | – |
| Repayment of lease liabilities | **(11,648)** | (11,806) |
| Repayment of promissory note | **–** | (5,104) |
| Proceeds from issue of shares | **46,065** | 52,660 |
| Transaction costs attributable to issue of shares | **(1,223)** | (497) |
| Interest paid | **(4,217)** | (1,221) |
| Advance from shareholders | **5,025** | 28,100 |
| Repayment of loan from shareholders | **(4)** | – |
| **NET CASH FROM FINANCING ACTIVITIES** | **59,278** | 61,932 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **(6,100)** | (16,583) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | **16,622** | 33,205 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash** | **10,522** | 16,622 |

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2022*

## 1. GENERAL INFORMATION

Cornerstone Technologies Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 24 January 2017. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer on 11 May 2018. The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is situated at Office Units 1107-11, 11th Floor, New East Ocean Centre, No.9 Science Museum Road, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (hereinafter collectively referred to as the "Group") is principally engaged in the provision of printing, typesetting and translation services, electric vehicles charging business in Hong Kong. The principal activities of its major subsidiaries are set out in note 35.

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

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

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

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018-2020 |

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

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

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

**New and amendments to HKFRSs in issue but not yet effective**

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

| | |
|---|---|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts[1] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2] |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback[3] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1] |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to HKAS 8 | Definition of Accounting Estimates[1] |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or 1 January 2024.

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

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

### 3.1 Basis of preparation of consolidated financial statements

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

***Going concern assumptions***

The Group incurred net loss of approximately HK$161,187,000 (2021: HK$61,999,000) for the year ended 31 December 2022. As at 31 December 2022, the Group had net current liabilities of HK$35,085,000 (2021: net current liabilities of HK$11,255,000).

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

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2022 and subsequently thereto up to the date when the consolidated financial statements are authorised for issue. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date when the consolidated financial statements are authorised for issue, but not limited to, the followings:

(a) During the year ended 31 December 2022, the Group entered into a Green Loan Facility Agreement with Captain Source Limited (the "Lender"), an independent Company and a green loan advisor, for a term loan facility with a limit of HK$150,000,000 (the "Loan Facility"). The loans under the Loan Facility will be secured and repayable in the eighteenth month from the date of drawdown. The interest rate of loan un the Loan Facility is 10% for the first 15 months and interest rate of 20% for the 3 months thereafter. As at the date of this report, no facility had been drawn down by the Group;

(b) On 7 December 2022, the Company entered into a subscription agreement with Mr. Wu Jianwei, Mr. Liang Zihao, Mr. Li Man Keung Edwin and Ms. Wu Yanyan, the shareholders of the Company (the "Subscribers"). Pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 35,200,000 new shares at the subscription prices of HK$1.144 per subscription share. Completion of the subscriptions is subject to the fulfilment of the conditions. The gross proceeds from the subscriptions will be approximately HK$40,267,000.

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

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

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

***Going concern assumptions*** *(Continued)*

(d) Mr. Wu Jianwei, Mr. Liang Zihao, Mr. Li Man Keung Edwin and Mr. Pan Wenyuan, the controlling shareholders of the Group, have committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its financial obligations as they fall due. Letter of undertaking and support are obtained from Mr. Wu Jianwei, Mr. Liang Zihao, Mr. Li Man Keung Edwin and Mr. Pan Wenyuan.

The directors of the Company, including members of the audit committee, have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

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

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

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

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

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

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

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

### 3.2 Significant accounting policies

***Basis of consolidation***

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

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Basis of consolidation*** *(Continued)*

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

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

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

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

*Changes in the Group's interests in existing subsidiaries*

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

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

### 3.2 Significant accounting policies *(Continued)*

***Goodwill***

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

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Revenue from contracts with customers***

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Revenue from contracts with customers*** *(Continued)*

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

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

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

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

Revenue from sales of electric vehicle charging systems is recognised when control of the goods has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. When the Group provides installation services for the sale of electric vehicle charging systems, the goods or services are highly related in which the Group would not be able to fulfil its promises by transferring each of the goods or services independently. Thus, installation services bundled together with the sale of electric vehicle charging systems are not considered distinct. Revenue from sales of goods is recognised when the control of the asset has been transferred to the customer, which is usually upon the installation services are completed.

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

### 3.2 Significant accounting policies *(Continued)*

***Revenue from contracts with customers*** *(Continued)*

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

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

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Revenue from contracts with customers*** *(Continued)*

*Transaction price: significant financing components*

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

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

***Leases***

*Definition of a lease*

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Leases*** *(Continued)*

*The Group as a lessee*

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

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

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

### 3.2 Significant accounting policies *(Continued)*

***Leases*** *(Continued)*

*The Group as a lessee (Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Leases*** *(Continued)*

*The Group as a lessee (Continued)*

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Leases*** *(Continued)*

*The Group as a lessee (Continued)*

Lease liabilities *(Continued)*

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

### 3.2 Significant accounting policies *(Continued)*

***Leases*** *(Continued)*

*The Group as a lessee (Continued)*

Lease modifications *(Continued)*

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

***Covid-19-related rent concessions***

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

***Borrowing costs***

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

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

### 3.2 Significant accounting policies *(Continued)*

***Equity-settled share-based payment transactions***

*Share options granted to directors and employees*

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

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

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

*Shares/Share options granted to non-employees*

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

***Government grants***

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Retirement benefit costs***

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

***Short-term employee benefits***

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

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

***Taxation***

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Taxation*** *(Continued)*

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

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

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

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

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

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Property, plant and equipment***

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

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

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

***Intangible assets***

*Intangible assets acquired separately*

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

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

### 3.2 Significant accounting policies *(Continued)*

***Intangible assets*** *(Continued)*

*Internally-generated intangible assets — research and development expenditure*

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

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

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Intangible assets*** *(Continued)*

*Intangible assets acquired in a business combination*

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

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

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

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

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

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

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Cash and cash equivalents***

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

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

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

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

***Inventories***

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

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

### 3.2 Significant accounting policies *(Continued)*

***Provisions***

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

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

***Reinstatement provisions***

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

***Financial instruments***

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

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

### 3.2 Significant accounting policies *(Continued)*

***Financial instruments*** *(Continued)*

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

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

*Financial assets*

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

### 3.2 Significant accounting policies *(Continued)*

***Financial instruments*** *(Continued)*

*Financial assets (Continued)*

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

Amortised cost and interest income

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Financial instruments*** *(Continued)*

*Financial assets (Continued)*

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

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

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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

### 3.2 Significant accounting policies *(Continued)*

***Financial instruments*** *(Continued)*

*Financial assets (Continued)*

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

(i) Significant increase in credit risk *(Continued)*

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Financial instruments*** *(Continued)*

*Financial assets (Continued)*

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

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

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

### 3.2 Significant accounting policies *(Continued)*

***Financial instruments*** *(Continued)*

*Financial assets (Continued)*

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Financial instruments*** *(Continued)*

*Financial assets (Continued)*

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

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

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

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

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

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

*Derecognition of financial assets*

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

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

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

### 3.2 Significant accounting policies *(Continued)*

***Financial instruments*** *(Continued)*

*Financial liabilities and equity*

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, amounts due to related companies and shareholders, loan from shareholders and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

*Derecognition of financial liabilities*

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

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

**Key sources of estimation uncertainty**

***Provision of ECL for trade receivables and contract assets***

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

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

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

***Revenue recognition of installation services and recognition of contract assets***

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

The Group regularly reviews and revises the estimation of contract progresses whenever there is any change in circumstances. As at 31 December 2022, the value of work which is completed but yet to be certified was disclosed in note 19.

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

### Key sources of estimation uncertainty *(Continued)*

***Estimated impairment of goodwill and other intangible assets***

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

The net carrying amounts, of goodwill and other intangible assets as at 31 December 2022 were HK$30,080,000 (2021: HK$30,080,000) and HK$23,110,000 (2021: HK$18,626,000) respectively. Details of the recoverable amount calculation are disclosed in note 17.

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

**Key sources of estimation uncertainty** *(Continued)*

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

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

As at 31 December 2022, the carrying amounts of right-of-use assets was HK$35,132,000 (2021: HK$53,683,000) and the carrying amounts of property, plant and equipment was HK$27,660,000 (2021: HK$15,261,000). Based on the management's assessment after taking into account the impairment losses of approximately HK$1,226,000 and HK$6,742,000 (2021: Nil) in respect of right-of-use assets and property, plant and equipment that have been recognised respectively. Details of the impairment of right-of-use assets and property, plant and equipment are disclosed in note 14.

## 5. REVENUE AND SEGMENT INFORMATION

**Segment information**

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

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

**Segment information** *(Continued)*

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

1) The provision of printing, typesetting and translation services; and

2) The provision of electric vehicle charging solution services, installation services, maintenance services and sales of electric vehicle charging systems.

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Printing business | | |
| Commercial printing services | **27,728** | 30,857 |
| Financial printing services — Financial documents | **18,784** | 15,502 |
| Financial printing services — IPO documents | **246** | 335 |
| Other services *(Note)* | **1,557** | 1,535 |
| | **48,315** | 48,229 |
| Electric vehicle charging business | | |
| Sales of electric vehicle charging systems | **21,136** | 6,450 |
| Subscription fee income | **1,434** | 353 |
| Provision of installation service income | **8,937** | — |
| Maintenance fee income | **320** | — |
| | **31,827** | 6,803 |
| | **80,142** | 55,032 |
| Timing of revenue recognition | | |
| A point in time | **69,525** | 54,344 |
| Over time | **10,617** | 688 |
| | **80,142** | 55,032 |

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

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

### Segment information *(Continued)*

#### *(ii) Segment information*

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

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

**Segment information** *(Continued)*

***(ii) Segment information*** *(Continued)*

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

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

**Segment information** *(Continued)*

***(ii) Segment information*** *(Continued)*

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

*Information about major customers*

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A | **13,951** | 13,059 |

## 6. OTHER INCOME

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income | **198** | 138 |
| Government grant *(Note)* | **2,414** | – |
| Exchange loss, net | **(19)** | (37) |
| Sundry income | **1,746** | 3,480 |
| Gain on termination of lease | **97** | – |
| Gain on lease modification | **1,980** | – |
| | **6,416** | 3,581 |

*Note:* Government grants from employment support scheme of approximately HK$2,263,000 are recognised during the year ended 31 December 2022 to subsidise eligible employer for paying wages of employees in the subsidy period (2021: Nil). The Group is required to undertake and warrant that the Group will not implement redundancies during the subsidy period and spend all wages subsidies on paying wages to its employees.

## 7. FINANCE COSTS

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings | **302** | 33 |
| Interest on promissory note | **–** | 55 |
| Interest on lease liabilities | **2,509** | 1,133 |
| Others | **1,500** | – |
| | **4,311** | 1,221 |

## 8. INCOME TAX (CREDIT)/EXPENSE

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong Profits Tax: | | |
| Overprovision in prior year | **–** | (85) |
| Deferred taxation (credit)/expense *(note 26)* | **(3,482)** | 1,151 |
| Income tax (credit)/expense | **(3,482)** | 1,066 |

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

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss before tax | **(164,669)** | (60,933) |
| Tax at the domestic income tax rate | **(27,170)** | (10,054) |
| Tax effect of expenses not deductible for tax purpose | **16,278** | 2,012 |
| Tax effect of income not taxable for tax purpose | **(566)** | (50) |
| Tax effect of tax losses/deductible temporary difference not recognised | **7,976** | 9,273 |
| Utilisation of tax losses previously not recognised | **–** | (30) |
| Overprovision in prior period | **–** | (85) |
| Income tax (credit)/expense | **(3,482)** | 1,066 |

## 9. LOSS FOR THE YEAR

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the year has been arrived at after charging: | | |
| Staff costs (including directors' emoluments) | | |
| — Salaries and other benefits | **63,373** | 49,199 |
| — Contributions to defined contribution plans | **2,258** | 1,751 |
| — Share-based payment expenses | **10,382** | 7,552 |
| Total staff costs | **76,013** | 58,502 |
| Auditor's remuneration | **850** | 800 |
| Cost of inventories *(Note i)* | **76,948** | 48,069 |
| Depreciation of property, plant and equipment | **6,634** | 5,636 |
| Depreciation of right-of-use assets | **13,318** | 10,240 |
| Amortisation of other intangible assets | **2,130** | 1,144 |
| Exchange loss, net | **19** | 37 |
| Impairment loss recognised on trade receivables | **1,754** | 331 |
| Impairment loss recognised on property, plant and equipment *(Note ii)* | **6,742** | — |
| Impairment loss recognised on right-of-use assets *(Note ii)* | **1,226** | — |
| Write off property, plant and equipment | **—** | 401 |
| Loss on disposal of property, plant and equipment | **—** | 15 |
| Share-based payment expenses (non-employees related) *(Note iii)* | **67,090** | 496 |

*Note i:* During the year ended 31 December 2022, cost of inventories included approximately HK$28,919,000 (2021: approximately HK$26,938,000) relating to the aggregate amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets and operating lease charges, which were included in the respective amounts as disclosed above.

*Note ii:* The impairment losses related to property, plant and equipment and right-of-use assets amounting to approximately HK$6,742,000 and HK$1,226,000 respectively have been recorded in administrative and other operating expenses during the year ended 31 December 2022 (2021: Nil). Property, plant and equipment and right-of-use assets of printing business are determined as one cash-generating unit. The impairment loss attributable to this cash-generating unit was then allocated to write down the assets in the cash-generating unit. Details of impairment assessment of property, plant and equipment and right-of-use assets are set out in note 14.

*Note iii:* During the year ended 31 December 2022, share-based payment expenses (non-employees related) included the equity-settled share-based payments relating to warrants granted by the Company and share options granted by the Company amounting to approximately HK$66,923,000 (2021: Nil) and HK$167,000 (2021: HK$496,000) respectively. Details of the equity-settled share-based payments relating to warrants granted and share options granted by the Company are set out in note 28.

## 10. DIRECTORS' EMOLUMENTS

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

**Year ended 31 December 2022**

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

## 10. DIRECTORS' EMOLUMENTS *(Continued)*

Year ended 31 December 2021

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

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

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

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

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

During the year ended 31 December 2022 and 2021, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remunerations during the year ended 31 December 2022 and 2021.

During the year ended 31 December 2022 and 2021, certain directors were granted share options, in respect of their services to the Group under the share option scheme. Details of the share option scheme are set out in note 28 to the consolidated financial statements.

## 11. FIVE HIGHEST PAID EMPLOYEES

During the year ended 31 December 2022, the five individuals whose emoluments were the highest in the Company were all non-directors (2021: four). The emoluments of five (2021: one) highest paid employees are as follows:

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Salaries, allowances and benefits in kind | **9,361** | 1,044 |
| Contributions to defined contribution plans | **90** | 29 |
| Share-based payment expenses | **8,097** | 718 |
| | **17,548** | 1,791 |

Their emoluments fell within the following bands is as follows:

| | **Number of employees** | |
|---|---|---|
| | **2022** | 2021 |
| HK$1,000,001 to HK$1,500,000 | **1** | – |
| HK$1,500,001 to HK$2,000,000 | **2** | 1 |
| HK$4,000,001 to HK$4,500,000 | **1** | – |
| HK$8,000,001 to HK$8,500,000 | **1** | – |

During the year ended 31 December 2022, emoluments amounting to approximately HK$8,097,000 were paid by the Group to these highest paid non-directors and non-chief executive employees as an inducement to join or upon joining the Group, or as a compensation for loss of office (2021: Nil). There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the year ended 31 December 2022 and 2021.

## 12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting year (2021: Nil).

## 13. LOSS PER SHARE

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss: | | |
| Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company) | **(160,311)** | (61,364) |

| | ***'000*** | *'000* |
|---|---|---|
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | **678,114** | 586,633 |

During the reporting year, the Group has issued shares through share placing and subscription and the number of ordinary shares had been increased from 607,790,541 to 736,991,399. For details, please refer to note 27.

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

## 14. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvements *HK$'000* | Plant and machinery *HK$'000* | Furniture and equipment *HK$'000* | Motor vehicles *HK$'000* | Electric vehicle charging systems *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|
| **COST** | | | | | | |
| At 1 January 2021 | 5,438 | 71,086 | 11,189 | 218 | 2,287 | 90,218 |
| Additions | 28 | 20 | 944 | – | 1,344 | 2,336 |
| Disposal | – | – | (270) | (218) | (1) | (489) |
| Written-off | (240) | – | (538) | – | – | (778) |
| At 31 December 2021 | 5,226 | 71,106 | 11,325 | – | 3,630 | 91,287 |
| Additions | 9,394 | – | 1,508 | – | 14,889 | 25,791 |
| Eliminated on de-consolidation of a subsidiary | (195) | – | (102) | – | – | (297) |
| Written-off | (745) | – | (89) | – | – | (834) |
| At 31 December 2022 | 13,680 | 71,106 | 12,642 | – | 18,519 | 115,947 |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS** | | | | | | |
| At 1 January 2021 | 2,194 | 60,332 | 8,415 | 218 | 82 | 71,241 |
| Provided for the year | 763 | 3,566 | 1,019 | – | 288 | 5,636 |
| Disposal | – | – | (256) | (218) | –* | (474) |
| Eliminated on written-off | (89) | – | (288) | – | – | (377) |
| At 31 December 2021 | 2,868 | 63,898 | 8,890 | – | 370 | 76,026 |
| Provided for the year | 1,479 | 3,142 | 1,128 | – | 885 | 6,634 |
| Provision for impairment loss | 1,967 | 4,066 | 709 | – | – | 6,742 |
| Eliminated on de-consolidation of a subsidiary | (195) | – | (86) | – | – | (281) |
| Eliminated on written-off | (745) | – | (89) | – | – | (834) |
| At 31 December 2022 | 5,374 | 71,106 | 10,552 | – | 1,255 | 88,287 |
| **CARRYING VALUES** | | | | | | |
| At 31 December 2022 | 8,306 | – | 2,090 | – | 17,264 | 27,660 |
| At 31 December 2021 | 2,358 | 7,208 | 2,435 | – | 3,260 | 15,261 |

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

## 14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

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

### Impairment assessment

The Group had reported a continued loss in printing business during the year ended 31 December 2022 and 2021. The management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment and right-of-use assets in printing business with carrying amounts of approximately HK$5,635,000 and HK$24,211,000 respectively as at 31 December 2022 (2021: HK$10,526,000 and HK$40,700,000). The Group considers property, plant and equipment and right-of-use assets in printing business as one cash-generating unit ("CGU") and estimates the recoverable amount of the CGU to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate as-sets when reasonable and consistent basis can be established. The recoverable amount of CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate is 16.8% as at 31 December 2022 (2021: 13.92%). The annual growth rate used is 0% (2021: 0%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. The cash flows beyond the five-year period are extrapolated using 0% growth rate. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the CGUs' past performance and management expectations for the market development.

Based on the result of the assessment, management of the Group determined that the re-coverable amount of the CGU is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment, right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero.

Based on the value in use calculation and the allocation, an impairment of approximately HK$6,742,000 and HK$1,226,000, respectively, has been recognised against the carrying amount of property, plant and equipment and right-of-use assets during the year ended 31 December 2022 (2021: Nil).

## 15. RIGHT-OF-USE ASSETS

| | **Leased properties** *HK$'000* | **Machineries** *HK$'000* | **Motor Vehicles** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| **As at 31 December 2022** | | | | |
| Carrying amount | 32,440 | 2,387 | 305 | 35,132 |
| **As at 31 December 2021** | | | | |
| Carrying amount | 52,698 | 536 | 449 | 53,683 |
| **For the year ended 31 December 2022** | | | | |
| Depreciation charge | 12,462 | 712 | 144 | 13,318 |
| Impairment loss recognised | 237 | 989 | — | 1,226 |
| **For the year ended 31 December 2021** | | | | |
| Depreciation charge | 9,549 | 482 | 209 | 10,240 |

| | **2022** ***HK$'000*** | 2021 *HK$'000* |
|---|---|---|
| Expenses relating to short-term leases | **1,280** | 1,270 |
| Total cash outflow for leases | **11,648** | 11,806 |
| Additions to right-of-use assets | **5,160** | 38,724 |

Details of impairment assessment are set out in note 14.

## 15. RIGHT-OF-USE ASSETS *(Continued)*

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

### Extension and termination options

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

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

| | Lease liabilities recognised as at 31 December 2022 *HK$'000* | Potential future lease payments not included in lease liabilities (undiscounted) 31 December 2022 *HK$'000* | Lease liabilities recognised as at 31 December 2021 *HK$'000* | Potential future lease payments not included in lease liabilities (undiscounted) 31 December 2021 *HK$'000* |
|---|---|---|---|---|
| Factory — Hong Kong | 10,899 | — | 14,438 | — |
| Office — Hong Kong | 32,425 | — | 36,675 | — |
| Warehouse — Hong Kong | — | — | 105 | — |

## 15. RIGHT-OF-USE ASSETS *(Continued)*

### Extension and termination options *(Continued)*

The following table summarised the additional lease liabilities recognised during the year ended 31 December 2022 and 2021 as a result of exercising extension option that the Group was not reasonably certain to exercise and not exercising termination option that the Group was not reasonably certain not to exercise:

For the year ended 31 December 2022

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

For the year ended 31 December 2021

| | **Termination option exercisable** *No. of leases* | **Termination option exercised** *No. of leases* |
|---|---|---|
| Offices — Hong Kong | 2 | — |
| Warehouse — Hong Kong | 1 | — |
| Additional lease liabilities recognised (HK$'000) | | 10,142 |

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2022 and 2021, there is no such triggering event.

## 16. OTHER INTANGIBLE ASSETS

| | Software | Development costs | Technology | Registered trademarks | Patent | Customer relationship | Total |
|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| COST | | | | | | | |
| At 1 January 2021 | – | 2,628 | 6,153 | 152 | 2,000 | 1,607 | 12,540 |
| Additions | – | 7,383 | – | 283 | 5 | – | 7,671 |
| At 31 December 2021 and 1 January 2022 | – | 10,011 | 6,153 | 435 | 2,005 | 1,607 | 20,211 |
| Additions | 2,111 | 4,500 | – | – | 3 | – | 6,614 |
| At 31 December 2022 | 2,111 | 14,511 | 6,153 | 435 | 2,008 | 1,607 | 26,825 |
| AMORTISATION | | | | | | | |
| At 1 January 2021 | – | – | 257 | 3 | 76 | 105 | 441 |
| Provided for the year | – | 66 | 615 | 16 | 196 | 251 | 1,144 |
| At 31 December 2021 | – | 66 | 872 | 19 | 272 | 356 | 1,585 |
| Provided for the year | 35 | 1,001 | 615 | 43 | 185 | 251 | 2,130 |
| At 31 December 2022 | 35 | 1,067 | 1,487 | 62 | 457 | 607 | 3,715 |
| CARRYING VALUES | | | | | | | |
| At 31 December 2022 | 2,076 | 13,444 | 4,666 | 373 | 1,551 | 1,000 | 23,110 |
| At 31 December 2021 | – | 9,945 | 5,281 | 416 | 1,733 | 1,251 | 18,626 |

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

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

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

Details of impairment assessment are set out in note 17.

## 17. GOODWILL

| | Acquisition of Cornerstone EV |
|---|---|
| | *HK$'000* |
| COST | |
| At 1 January 2021, 31 December 2021 and 2022 | 30,080 |
| CARRYING VALUES | |
| At 31 December 2022 | 30,080 |
| At 31 December 2021 | 30,080 |

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

| | Goodwill | |
|---|---|---|
| | **2022** | 2021 |
| | ***HK$'000*** | *HK$'000* |
| Electric vehicle charging segment – Cornerstone EV | **30,080** | 30,080 |

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

The recoverable amount of electric vehicle charging segment CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 10-year period and discount rate of 17.24% (2021: 15.17%). Electric vehicle charging segment CGU's cash flows beyond the 10-year period are extrapolated using a steady 2.5% (2021: 2.5%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on electric vehicle charging segment CGU's past performance and management's expectations for the market development.

During the year ended 31 December 2022 and 2021, management of the Group determines that there is no impairment on electric vehicle charging segment CGU.

## 18. INVENTORIES

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Raw materials | **4,743** | 3,080 |
| Work in progress | **31** | 1,014 |
| Finished goods | **2,949** | 3,400 |
| | **7,723** | 7,494 |

## 19. CONTRACT ASSETS AND CONTRACT LIABILITIES

| | | **2022** | 2021 |
|---|---|---|---|
| | *Note* | ***HK$'000*** | *HK$'000* |
| Contract assets | *(a)* | **276** | – |
| Contract liabilities | *(b)* | **847** | 722 |

### (a) Contract assets

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Provision of installation service relating to electric vehicle charging-enabling infrastructure | **276** | – |

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

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

## 19. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

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

Details of the impairment assessment of contract assets are set out in note 31. As at 31 December 2022, none of the Group's contract assets were impaired (2021: Nil).

***Movements in contract assets***

| | 2022 | 2021 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| At the beginning of the reporting year | – | 434 |
| Additions for the year | 276 | – |
| Transferred to trade receivables for the year | – | (434) |
| At the end of the reporting year | 276 | – |

### (b) Contract liabilities

| | 2022 | 2021 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Provision of financial printing services on IPO projects | 722 | 722 |
| Provision of installation service relating to electric vehicle charging-enabling infrastructure | 125 | – |
| | 847 | 722 |

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

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

## 19. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

### (b) Contract liabilities *(Continued)*

***Movements in contract liabilities***

| | 2022 | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At the beginning of the reporting year | **722** | 392 |
| Additions for the year | **125** | 330 |
| At the end of the reporting year | **847** | 722 |

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

## 20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

| | 2022 | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | | |
| — Contracts with customers | **18,544** | 8,489 |
| — Amounts due from related companies *(note 33)* | **465** | — |
| *Less:* provision for impairment of trade receivables | **(2,179)** | (845) |
| Trade receivables, net | **16,830** | 7,644 |
| Other receivables | **1,949** | 2,386 |
| Prepayments | **4,051** | 10,694 |
| Deposits | **8,108** | 7,460 |
| | **14,108** | 20,540 |
| Total | **30,938** | 28,184 |
| Analysed for reporting purposes as: | | |
| Non-current assets | **3,687** | 6,747 |
| Current assets | **27,251** | 21,437 |
| | **30,938** | 28,184 |

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

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

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 30 days | **10,716** | 4,874 |
| 31 to 60 days | **2,418** | 1,691 |
| 61 to 90 days | **1,246** | 476 |
| Over 90 days | **4,629** | 1,448 |
| | **19,009** | 8,489 |

As at 31 December 2022, included in the Group's trade receivables balance, are debtors with aggregate carrying amount of approximately HK$8,334,000 (2021: HK$4,292,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$2,218,000 (2021: HK$720,000) has been past due 90 days or more and is not considered as in default as these balances are mainly due from customers of good credit quality. The Group does not hold any collateral over the balances.

The movement in the allowance for impairment in respect of trade receivables during the year ended 31 December 2022 and 2021 was as follows:

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Balance at the beginning of the reporting year | **845** | 605 |
| Reversal of impairment losses | **–** | (91) |
| Impairment losses recognised | **1,754** | 331 |
| Write-offs | **(420)** | – |
| Balance at the end of the reporting year | **2,179** | 845 |

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

As at 31 December 2022 and 2021, other receivables of the Group are neither past due nor impaired and they have no default history and there are continuous subsequent settlements.

Details of impairment assessment of trade and other receivables are set out in note 31.

## 21. BANK BALANCES AND CASH

As at 31 December 2022, bank balances and cash carry interest at prevailing market rates ranging from 0.001% to 1.00% (2021: 0.01%) per annum.

As at 31 December 2022, the Group have agreed to pledge certain bank balances with carrying amount of HK$2,284,000 (2021: Nil) as collateral for securing the Group's green loan facility.

Details of impairment assessment of bank balances are set out in note 31.

## 22. TRADE AND OTHER PAYABLES

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables due to third parties | **16,592** | 4,866 |
| Trade payables due to related companies *(note 33)* | **166** | — |
| Trade payables | **16,758** | 4,866 |
| Accruals and other payables | **11,017** | 8,279 |
| Amounts due to related companies *(note 33)* | **339** | — |
| Receipts in advance for placing of shares | **12,400** | 2,000 |
| Deposits received | **1,221** | 1,792 |
| | **24,977** | 12,071 |
| Total | **41,735** | 16,937 |

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

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 30 days | **9,736** | 3,942 |
| 31 to 60 days | **4,621** | 490 |
| 61 to 90 days | **2,401** | 434 |
| | **16,758** | 4,866 |

## 23. BANK BORROWINGS

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bank borrowings — secured | **25,441** | 67 |
| Carrying amounts of bank borrowings that contain a repayment on demand clause (show under current liabilities) but repayable: | | |
| Within one year | **384** | 67 |
| More than one year, but not exceeding two years | **2,380** | — |
| Within a period of more than 2 years but not exceeding 5 years | **7,840** | — |
| Within a period of more than 5 years | **14,837** | — |
| Amounts shown under current liabilities | **25,441** | 67 |

As at 31 December 2022 and 2021, the bank borrowings contain a repayment on demand clause and the amounts due is presented based on scheduled repayment dates set out in the loan agreements. The interest rate of the bank borrowings as at 31 December 2022 was 3.38% per annum (2021: flat interest rate of 6.6% per annum). The bank borrowings are drawn under banking facilities of subsidiaries of the Company. As at 31 December 2022, the banking facilities are secured and guaranteed by personal guarantees given by the directors, Li Man Keung Edwin, Liang Zihao and Wu Jianwei (2021: secured and guaranteed by personal guarantees given by the director, Lau Wai Yan Lawson).

The Group regularly monitors its compliance with bank covenants and has made payments according to the schedule of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 31 to the consolidated financial statements. As at 31 December 2022 and 2021, none of the covenants relating to drawn down facilities had been breached.

## 24. LEASE LIABILITIES

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Leases liabilities payable: | | |
| Within one year | **7,809** | 11,042 |
| Within a period of more than one year but not more than two years | **17,337** | 9,643 |
| Within a period of more than two years but not more than five years | **12,358** | 29,298 |
| Within a period of more than five years | **–** | 5,096 |
| | **37,504** | 55,079 |
| Less: Amount due to settlement with 12 months shown under current liabilities | **(7,809)** | (11,042) |
| Amount due to settlement after 12 months shown under non-current liabilities | **29,695** | 44,037 |

## 25. PROVISIONS

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Analysed for reporting purposes as: | | |
| Non-current liabilities | **2,799** | 2,760 |

| | **Reinstatement provisions** |
|---|---|
| | ***HK$'000*** |
| At 1 January 2021 | 916 |
| Provision recognised | 1,844 |
| At 31 December 2021 | 2,760 |
| Provision recognised | 39 |
| At 31 December 2022 | 2,799 |

## 26. DEFERRED TAXATION

The following is the deferred tax assets (liabilities) recognised and movements thereon during the year ended 31 December 2022 and 2021:

| | **Tax losses** | **Accelerated accounting depreciation** | **Accelerated tax depreciation** | **Total** |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 January 2021 | — | 5 | (3,531) | (3,526) |
| Charge to profit or loss | — | (1) | (1,150) | (1,151) |
| **At 31 December 2021** | — | 4 | (4,681) | (4,677) |
| Eliminated on de-consolidation of a subsidiary | — | (4) | — | (4) |
| Credit/(charge) to profit or loss | 4,638 | — | (1,156) | 3,482 |
| **At 31 December 2022** | 4,638 | — | (5,837) | (1,199) |

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Deferred tax assets | **4,638** | 4 |
| Deferred tax liabilities | **(5,837)** | (4,681) |
| | **(1,199)** | (4,677) |

Deferred income tax assets are recognised for tax losses carry forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group has unused estimated tax losses of approximately HK$165,001,000 (2021: HK$79,465,000) and deductible temporary differences of HK$813,000 (2021: HK$4,455,000) available for offset against future profits as at 31 December 2022. No deductible temporary difference (2021: HK$26,000) as at 31 December 2022 has been recognised as deferred tax assets. No deferred tax asset has been recognised in respect of the unused tax losses of HK$136,892,000 (2021: HK$79,465,000) and deductible temporary differences of HK$813,000 (2021: HK$4,429,000) as at 31 December 2022 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

## 27. SHARE CAPITAL

| | | As at 31 December 2022 | | As at 31 December 2021 | |
|---|---|---|---|---|---|
| | | **No. of shares** | **Amount** | No. of shares | Amount |
| | *Note* | ***'000*** | ***HK$'000*** | *'000* | *HK$'000* |
| Authorised: | | | | | |
| Ordinary shares of HK$0.01 each | | | | | |
| At the beginning of the reporting year | | **100,000,000** | **1,000,000** | 100,000,000 | 1,000,000 |
| At the end of the reporting year | | **100,000,000** | **1,000,000** | 100,000,000 | 1,000,000 |
| Issued and fully paid: | | | | | |
| Ordinary shares of HK$0.01 each | | | | | |
| At the beginning of the reporting year | | **607,791** | **6,078** | 480,541 | 4,805 |
| Issue of shares pursuant to the share placing | *(a)* | **–** | **–** | 49,625 | 497 |
| Issue of shares pursuant to the share subscription | *(b)* | **–** | **–** | 77,625 | 776 |
| Issue of shares pursuant to the share placing | *(c)* | **39,520** | **395** | – | – |
| Issue of shares pursuant to the share subscription | *(d)* | **77,636** | **777** | – | – |
| Issue of shares pursuant to the service contracts | *(e)* | **8,997** | **90** | – | – |
| Issue of shares pursuant to share option scheme | | **48** | **–*** | – | – |
| Issue of shares pursuant to warrants agreement | *(f)* | **3,000** | **30** | – | – |
| At the end of the year | | **736,992** | **7,370** | 607,791 | 6,078 |

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

## 27. SHARE CAPITAL *(Continued)*

*Note:*

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

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

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

(c) On 31 May 2022, an aggregate of 39,520,000 placing shares have been successfully placed at the placing price of HK$0.62 per placing share pursuant to the terms and conditions of the placing agreement. Pursuant to the terms of the placing agreement, 5% of gross proceeds from the Share Placing have been deducted as the placing commission paid to the placing agents. The placing commission of approximately HK$1,225,000 has been paid to placing agents during the year ended 31 December 2022.

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

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

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

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

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

## 28. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

### Warrants

During the year ended 31 December 2022, the Group entered into a Green Loan Facility Agreement with Captain Source Limited (the "Lender"), an independent Company and a green loan advisor, for a term loan facility with a limit of HK$150,000,000 (the "Loan Facility"). The loans under the Loan Facility will be secured, interest-bearing at 10% per annum and repayable in the eighteenth month from the date of drawdown.

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

Pursuant to subscription agreement, 120,000,000 warrants (2021: Nil) were issued to Subscriber A during the year ended 31 December 2022. During the year ended 31 December 2022, warrants were issued on 7 November 2022. The estimated fair value of warrants granted on that date is HK$66,923,000 which was arrived on the basis of valuation carries out by Royson Valuation Advisory Limited, an independent qualified professional valuer not connected to the Group.

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

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

The equity-settled share-based payments relating to warrants granted by the Company, amounted to approximately HK$66,923,000, was charged to share-based payment expenses in profit or loss during the year ended 31 December 2022 (2021: Nil).

During the year ended 31 December 2022, an aggregate of 3,000,000 warrant shares have been issued and allotted to Subscriber A pursuant to the terms and conditions of the subscription agreement (2021: Nil). Further details of the issue of shares are set out in note 27 to the consolidated financial statements.

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

### Share option scheme

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

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

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

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

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

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

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

Pursuant to share option scheme adopted by the Company on 19 April 2018 (the "Share Option Scheme"), 60,200,000 share options (2021: 28,428,000) were granted to eligible participants of the Group during the year ended 31 December 2022.

Details of movements in the Company's share options for the year ended 31 December 2022 and 2021:

| As at 31 December 2022 | Category | Date granted | Exercisable period (both dates inclusive) | Exercise price HK$/ share | Outstanding as 1 January 2022 | Granted during the year | Exercised during the year | Cancelled during the year | Outstanding at 31 December 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Directors | I | 28 January 2021 | From 27 July 2021 to 27 January 2031 | 0.54 | 16,060,000 | – | – | – | 16,060,000 |
| Employees | I | 28 January 2021 | From 27 July 2021 to 27 January 2031 | 0.54 | 2,108,000 | – | (48,000) | (96,000) | 1,964,000 |
| Consultant | I | 28 January 2021 | From 27 July 2021 to 27 January 2031 | 0.54 | 1,760,000 | – | – | – | 1,760,000 |
| Director | II | 28 January 2021 | From 1 April 2022 to 27 January 2031 | 0.54 | 3,300,000 | – | – | (3,300,000) | - |
| Employees | II | 28 January 2021 | From 1 April 2022 to 27 January 2031 | 0.54 | 4,284,000 | – | – | (3,168,000) | 1,116,000 |
| Employees | I | 17 June 2022 | From 17 June 2023 to 16 June 2032 | 0.85 | - | 1,700,000 | - | - | 1,700,000 |
| Consultants | I | 17 June 2022 | From 17 June 2023 to 16 June 2032 | 0.85 | - | 300,000 | - | - | 300,000 |
| Directors | II | 17 November 2022 | From 17 November 2023 to 16 November 2032 | 0.79 | - | 50,400,000 | - | - | 50,400,000 |
| Senior Management | II | 17 November 2022 | From 17 November 2023 to 16 November 2032 | 0.79 | - | 1,200,000 | - | - | 1,200,000 |
| Employees | II | 17 November 2022 | From 17 November 2023 to 16 November 2032 | 0.79 | - | 3,600,000 | - | - | 3,600,000 |
| Consultants | II | 17 November 2022 | From 17 November 2023 to 16 November 2032 | 0.79 | - | 3,000,000 | - | - | 3,000,000 |
| Total | | | | | 27,512,000 | 60,200,000 | (48,000) | (6,564,000) | 81,100,000 |

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

| As at 31 December 2021 | Category | Date granted | Exercisable period (both dates inclusive) | Exercise price HK$/ share | Outstanding as 1 January 2021 | Granted during the year | Exercised during the year | Cancelled during the year | Outstanding at 31 December 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Directors | I | 28 January 2021 | From 27 July 2021 to 27 January 2031 | 0.54 | – | 16,060,000 | – | – | 16,060,000 |
| Employees | I | 28 January 2021 | From 27 July 2021 to 27 January 2031 | 0.54 | – | 2,444,000 | – | (336,000) | 2,108,000 |
| Consultant | I | 28 January 2021 | From 27 July 2021 to 27 January 2031 | 0.54 | – | 1,760,000 | – | – | 1,760,000 |
| Director | II | 28 January 2021 | From 1 April 2022 to 27 January 2031 | 0.54 | – | 3,300,000 | – | – | 3,300,000 |
| Employees | II | 28 January 2021 | From 1 April 2022 to 27 January 2031 | 0.54 | – | 4,864,000 | – | (580,000) | 4,284,000 |
| Total | | | | | – | 28,428,000 | – | (916,000) | 27,512,000 |

During the year ended 31 December 2022, share options were granted on 17 June 2022 and 17 November 2022 to certain directors of the Company and certain employees of the Group (the "2022 Options"). During the year ended 31 December 2021, share options were granted on 28 January 2021 to certain directors of the Company and certain employees of the Group (the "2021 Options"). The estimated fair values of share options granted on those date are HK$835,000 and HK$29,321,000 respectively (2021: HK$8,811,000) which was arrived on the basis of valuation carries out by Royson Valuation Advisory Limited, an independent qualified professional valuer not connected to the Group.

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

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

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

| | 2021 Options | | | | |
|---|---|---|---|---|---|
| | **Category I Directors** | **Category I Employees** | **Category I Consultant** | **Category II Director** | **Category II Employees** |
| Fair value | 0.3187 | 0.2818 | 0.2818 | 0.3250 | 0.2950 |
| Exercise price | 0.54 | 0.54 | 0.54 | 0.54 | 0.54 |
| Expected volatility | 67.85% | 67.85% | 67.85% | 67.85% | 67.85% |
| Expected life (years) | 10 | 10 | 10 | 10 | 10 |
| Risk-free rate | 0.63% | 0.63% | 0.63% | 0.63% | 0.63% |
| Expected dividend yield | 0% | 0% | 0% | 0% | 0% |

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

Vesting schedule:

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

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

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

(iv) Category II of 2021 Options — 100% of the Options will be vested on, and exercisable from, the third month of the meeting their respective performance target.

The equity-settled share-based payments relating to share options granted by the Company, amounted to approximately HK$2,452,000, was charged to share-based payment expenses in profit or loss during the year ended 31 December 2022 (2021: HK$8,048,000).

## 29. RETIREMENT BENEFITS SCHEME

### Defined contribution plans

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

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

## 30. CAPITAL RISK MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the year ended 31 December 2022 and 2021.

## 31. FINANCIAL INSTRUMENTS

### Categories of financial instruments

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Financial assets | | |
| Loans and receivables (including cash and cash equivalents) | **39,397** | 38,624 |
| Financial liabilities — Amortised cost | **67,305** | 40,223 |
| Lease liabilities | **37,504** | 55,079 |

### Financial risk management objectives and policies

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

### Currency risk

During the year ended 31 December 2022 and 2021, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currency of the operating subsidiaries of the Group, i.e. HK$.

As at 31 December 2022 and 2021, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

## 31. FINANCIAL INSTRUMENTS *(Continued)*

### Interest rate risk

As at 31 December 2022 and 2021, the Group is exposed to fair value interest rate risk in relation to a fixed-rate bank borrowing and lease liabilities (see notes 23 and 24) and also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 21). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings. The Group currently does not have a policy to hedge against the interest rate risk as the management does not expect any significant interest rate risk at the end of each reporting period. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arises.

### Credit risk and impairment assessment

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

***Trade receivables and contract assets arising from contracts with customers***

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

## 31. FINANCIAL INSTRUMENTS *(Continued)*

**Credit risk and impairment assessment** *(Continued)*

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

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

As at 31 December 2022, the Group had concentration of credit risk as approximately 17% (2021: 16%) of the total trade receivables and contract assets was due from the Group's largest customer and approximately 50% (2021: 53%) of the total trade receivables and contract assets was due from the Group's five largest customers.

The Group's customer base consists of a wide range of customers and the trade receivables and contract assets are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and contract assets and recognises loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year ended 31 December 2022 and 2021.

The Coronavirus Disease 2019 ("COVID-19") has affected the ability of the customers on an individual or collective basis. After the consideration of no significant default history in settlement or recurring overdue records of the customers and the forward-looking factors, the management estimates that the ECL for trade receivables and contract assets is HK$1,754,000 (2021: HK$331,000).

The Group does not hold any collateral over trade receivables as at 31 December 2022 and 2021.

## 31. FINANCIAL INSTRUMENTS *(Continued)*

### Credit risk and impairment assessment *(Continued)*

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

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

**Trade receivables**

| | Average lifetime expected credit loss rate | |
|---|---|---|
| | **2022** | 2021 |
| Current (not past due) | **3%** | 3% |
| 1-30 days past due | **5%** | 6% |
| 31-60 days past due | **9%** | 16% |
| 61-90 days past due | **18%** | 34% |
| More than 90 days past due | **51%** | 63% |

## 31. FINANCIAL INSTRUMENTS *(Continued)*

### Credit risk and impairment assessment *(Continued)*

***Other receivables and deposits***

The management of the Group considers that the other receivables and deposits have low credit risk based on its strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables and deposits is measured on 12-month ECL and reflects the short maturities of the exposures. In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past three years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables and deposits to be insignificant after taking into account the financial position and credit quality of the counterparties and thus no loss allowance was recognised for the year ended 31 December 2022 and 2021. There was no change in the estimation techniques or significant assumptions made during the year ended 31 December 2022 and 2021.

***Bank balances***

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

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

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

## 31. FINANCIAL INSTRUMENTS *(Continued)*

### Credit risk and impairment assessment *(Continued)*

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

| | *Notes* | External credit rating | Internal credit rating | 12m or lifetime ECL | **2022 Gross carrying amount** ***HK$'000*** | 2021 Gross carrying amount *HK$'000* |
|---|---|---|---|---|---|---|
| Trade receivables | *20* | N/A | Low risk *(Note i)* | Lifetime ECL — not credit-impaired | **10,675** | 3,404 |
| | | N/A | Watch list *(Note i)* | Lifetime ECL — not credit-impaired | **6,116** | 3,716 |
| | | N/A | Doubtful *(Note i)* | Lifetime ECL — not credit-impaired | **2,218** | 1,369 |
| Contract assets | *19* | N/A | Low risk *(Note ii)* | Lifetime ECL — not credit-impaired | **276** | — |
| Other receivables | *20* | N/A | Low risk *(Note ii)* | 12m ECL | **10,056** | 9,846 |
| Bank balances | *21* | BBB+ to AA- | N/A | 12m ECL | **10,503** | 16,550 |

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

During the year ended 31 December 2022, approximately HK$1,754,000 net impairment loss allowance (2021: HK$240,000) related to trade receivables and no reversal of impairment loss allowance related to trade receivables (2021: HK$91,000) was recognised in profit or loss.

## 31. FINANCIAL INSTRUMENTS *(Continued)*

### Credit risk and impairment assessment *(Continued)*

*Note:* (i) *(Continued)*

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

| | **Lifetime ECL (not credit-impaired)** *HK$'000* |
|---|---|
| At 1 January 2021 | 605 |
| Changes due to trade receivables recognised at 1 January 2021: | |
| Impairment loss recognised | 331 |
| Impairment loss reversed | (91) |
| At 31 December 2021 | 845 |
| Changes due to trade receivables recognised at 1 January 2022: | |
| Impairment loss recognised | 1,754 |
| Write-offs | (420) |
| At 31 December 2022 | 2,179 |

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

### Liquidity risk

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

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

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

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

## 31. FINANCIAL INSTRUMENTS *(Continued)*

### Liquidity risk *(Continued)*

| | Weighted average effective interest rate | On demand | 1-3 months | 3 months to 1 year | 1-5 years | > 5 years | Total undiscounted cash flows | Total carrying amount |
|---|---|---|---|---|---|---|---|---|
| | *%* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **As at 31 December 2022** | | | | | | | | |
| **Non-derivative financial liabilities** | | | | | | | | |
| Trade and other payables | **N/A** | **–** | **36,839** | **–** | **–** | **–** | **36,839** | **36,839** |
| Bank borrowings | **3.38** | **32,029** | **–** | **–** | **–** | **–** | **32,029** | **25,441** |
| Amounts due to shareholders | **N/A** | **–** | **5,025** | **–** | **–** | **–** | **5,025** | **5,025** |
| Lease liabilities | **4.97** | **–** | **2,636** | **6,919** | **32,535** | **–** | **42,090** | **37,504** |
| | | **32,029** | **44,500** | **6,919** | **32,535** | **–** | **115,983** | **104,809** |
| As at 31 December 2021 | | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | |
| Trade and other payables | N/A | – | 12,056 | – | – | – | 12,056 | 12,056 |
| Bank borrowing | 6.60 | 77 | – | – | – | – | 77 | 67 |
| Loan from shareholders | N/A | 28,100 | – | – | – | – | 28,100 | 28,100 |
| Lease liabilities | 4.62 | – | 3,271 | 10,106 | 43,586 | 5,235 | 62,198 | 55,079 |
| | | 28,177 | 15,327 | 10,106 | 43,586 | 5,235 | 102,431 | 95,302 |

## 31. FINANCIAL INSTRUMENTS *(Continued)*

### Liquidity risk *(Continued)*

Bank borrowings with a repayment on demand clause is included in the "Repayable on demand" time band in the above maturity analysis. As at 31 December 2022, the aggregate carrying amount of these bank borrowings is approximately HK$25,441,000 (2021: HK$67,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

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

| | Weighted average effective interest rate | 1-3 months | 3 months to 1 year | 1-5 years | >5 years | Total undiscounted cash flows | Total carrying amount |
|---|---|---|---|---|---|---|---|
| | *%* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Bank borrowings: | | | | | | | |
| As at 31 December 2022 | 3.38 | 228 | 1,326 | 13,931 | 16,544 | 32,029 | 25,441 |
| As at 31 December 2021 | 6.60 | 58 | 19 | – | – | 77 | 67 |

### Fair value

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

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 31 December 2022 and 2021.

## 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

| | Amounts due to shareholders | Bank borrowings | Lease liabilities | Loan from shareholders | Total |
|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 January 2021 | – | 267 | 30,728 | – | 30,995 |
| Financing cash flows *(note)* | – | (200) | (11,806) | 28,100 | 16,094 |
| New lease entered | – | – | 36,157 | – | 36,157 |
| At 31 December 2021 | – | 67 | 55,079 | 28,100 | 83,246 |
| Financing cash flows *(note)* | 5,025 | 25,280 | (11,648) | (4) | 18,653 |
| Finance cost | – | 94 | – | – | 94 |
| Issue of shares | – | – | – | (28,096) | (28,096) |
| New lease entered | – | – | 5,154 | – | 5,154 |
| Termination of lease | – | – | (484) | – | (484) |
| Lease modification | – | – | (10,597) | – | (10,597) |
| At 31 December 2022 | 5,025 | 25,441 | 37,504 | – | 67,970 |

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

## 33. RELATED PARTY TRANSACTIONS

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

| **Name of related parties** | **Balance 2022** ***HK$'000*** | **2021** *HK$'000* |
|---|---|---|
| Loan from shareholders: | | |
| Mr. Wu Jianwei *(Note i)* | – | 15,000 |
| Mr. Liang Zihao *(Note i)* | – | 8,500 |
| Mr. Li Man Keung Edwin *(Note i)* | – | 2,600 |
| Mr. Pan Wenyuan *(Note i)* | – | 2,000 |
| | – | 28,100 |
| Amounts due to shareholders: | | |
| Mr. Yeung Chun Yue David *(Note ii)* | **1,025** | – |
| Mr. Liang Zihao *(Note ii)* | **4,000** | – |
| | **5,025** | – |
| Balances included in "trade receivables": | | |
| Amounts due from related companies *(note (iii), note 20)* | **465** | – |
| Balances included in "trade payables": | | |
| Trade payables due to related companies *(note (iii), note 22)* | **166** | – |
| Balances included in "other payables": | | |
| Amounts due to related companies *(note (iv), note 22)* | **339** | – |

*Note:*

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

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

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

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

## 33. RELATED PARTY TRANSACTIONS *(Continued)*

(b) In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, the Group had the following related party transactions during year ended 31 December 2022 and 2021:

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on promissory note to a related company *(note (i))* | **-** | 55 |
| Commercial printing service income from related companies | **42** | – |
| Financial printing service income from related companies | **457** | – |
| Other service income from related companies | **642** | – |
| Advisory service fee to related companies | **1,652** | – |
| Administrative and other operating expenses to related companies | **2,414** | – |

*Notes:*

(i) This related company is controlled by the Ultimate Controlling Party.

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Salaries, allowances and benefits in kind | **10,802** | 10,342 |
| Contributions to defined contribution retirement scheme | **131** | 194 |
| Share-based payment expenses | **10,486** | 6,977 |
| | **21,419** | 17,513 |

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

## 34. DISPOSAL OF A SUBSIDIARY

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

Gain on disposal of a subsidiary are as follows:

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

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

## 35. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY

Particulars of major subsidiaries of the Company at 31 December 2022 and 2021 are as follows:

| Name of subsidiary | Place of incorporation/ operation | Date of incorporation | Issued and paid-up share capital | Attributable equity interest of the Group as at 31 December | | Principal activities |
|---|---|---|---|---|---|---|
| | | | | **2022** | 2021 | |
| **Directly held** | | | | | | |
| Elegance Printing Holding Limited ("Elegance Printing Holding BVI") | The BVI | 8 February 2017 | United States dollar ("US$") 11 | **100%** | 100% | Investment holding |
| Elegance Printing Services Holding Limited ("Elegance Printing Services Holding BVI") | The BVI | 14 February 2017 | US$11 | **100%** | 100% | Investment holding |
| Cornerstone EV Holdings Limited (formerly known as Qing Heng Investment Limited) | The BVI | 6 June 2018 | US$1 | **100%** | 100% | Investment holding |
| **Indirectly held** | | | | | | |
| Elegance Printing Company Limited | Hong Kong | 15 April 1992 | HK$17,893,428 | **100%** | 100% | Provision of printing services |
| Elegance Finance Printing Services Limited | Hong Kong | 15 December 1994 | HK$1,000 | **100%** | 100% | Provision of printing services, typesetting services, marketing and media services and investment holding |
| Elegance Document Solutions Limited | Hong Kong | 31 October 1998 | HK$5,000,000 | **100%** | 100% | Sales of paper and accessories, provision of courier services and machineries subletting to group companies |
| Teamco Translation Limited# | Hong Kong | 28 November 1997 | HK$1,500,000 | **–** | 100% | Provision of translation services |

## 35. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY *(Continued)*

| Name of subsidiary | Place of incorporation/ operation | Date of incorporation | Issued and paid-up share capital | Attributable equity interest of the Group as at 31 December 2022 | 2021 | Principal activities |
|---|---|---|---|---|---|---|
| Cornerstone EV Charging Service Limited | Hong Kong | 10 July 2018 | HK$15,007,852 | **100%** | 100% | Provision for electric vehicle charging solutions services and sales of electric vehicle charging systems |
| Elegance Financial Communications Limited* | Hong Kong | 7 May 2021 | HK$1,000 | **75%** | 75% | Provision of corporate communication, typesetting, design, translation and printing services |

* Elegance Financial Communications Limited is a non-wholly owned subsidiary which newly incorporated on 7 May 2021. Further details of non-controlling interests are set out in note 36 to the consolidated financial statements.

# The company was disposed during the year ended 31 December 2022.

None of the subsidiaries had issued any debt securities at 31 December 2022 and 2021 or at any time during the reporting year and prior period.

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

As at 31 December 2022, equity interests of certain of the Company's subsidiaries have been pledged for securing the Group's green loan facility (2021: None).

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

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

| Name of subsidiary | Place of incorporation and principal place of business | Proportion of ownership interests and voting rights held by non-controlling interests | | Total comprehensive expense attributable to non-controlling interests | | Accumulated non-controlling interests | |
|---|---|---|---|---|---|---|---|
| | | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| | | | | ***HK$000*** | *HK$000* | ***HK$000*** | *HK$000* |
| Elegance Financial Communications Limited | Hong Kong | **25%** | 25% | **(872)** | (635) | **(1,507)** | (635) |

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

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

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

**Elegance Financial Communications Limited**

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current assets | **3,648** | 968 |
| Current liabilities | **(9,674)** | (3,506) |
| Equity attributable to the owners of the Company | **(4,519)** | (1,903) |
| Non-controlling interests | **(1,507)** | (635) |
| Revenue | **12,238** | 836 |
| Other income | **361** | — |
| Expenses | **(16,087)** | (3,375) |
| Loss and total comprehensive expense for the year | **(3,488)** | (2,539) |
| Loss and total comprehensive expense for the year attributable to: | | |
| Owner of the Company | **(2,616)** | (1,904) |
| Non-controlling interests | **(872)** | (635) |
| | **(3,488)** | (2,539) |
| Net cash used in operating activities | **(3,268)** | (2,304) |
| Net cash (used)/from investing activities | **(260)** | 2,541 |
| Net cash from financing activities | **4,029** | — |
| Net cash inflow | **501** | 237 |

## 37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

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

| | **2022** | 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Non-current assets** | | |
| Investments in subsidiaries | **—*** | —* |
| Amount due from a subsidiary | **112,150** | 76,843 |
| | **112,150** | 76,843 |
| **Current assets** | | |
| Amounts due from subsidiaries | **63,390** | 46,206 |
| Amount due from a director | **1,000** | — |
| Other receivables | **250** | 247 |
| Bank balances | **406** | 5,669 |
| | **65,046** | 52,122 |
| **Current liabilities** | | |
| Other payables | **14,266** | 2,891 |
| Amounts due to subsidiaries | **—** | 69 |
| Amounts due to shareholders | **5,025** | — |
| Loan from shareholders | **—** | 28,100 |
| | **19,291** | 31,060 |
| **Net current assets** | **45,755** | 21,062 |
| **NET ASSETS** | **157,905** | 97,905 |
| **Capital and reserves** | | |
| Share capital | **7,370** | 6,078 |
| Reserves | **150,535** | 91,827 |
| **TOTAL EQUITY** | **157,905** | 97,905 |

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

The statement of financial position was approved and authorised for issue by the Board of Directors on 31 March 2023 and signed on its behalf by

**LIANG Zihao**
*Director*

**LI Man Keung Edwin**
*Director*

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

### Movement in the Company's reserves

| | Share premium HK$'000 | Share-based payments reserve HK$'000 | Accumulated losses HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 1 January 2021 | 71,267 | – | (26,539) | 44,728 |
| Loss and total comprehensive expense for the year | – | – | (11,839) | (11,839) |
| Issue of shares pursuant to the share placing | 18,856 | – | – | 18,856 |
| Issue of shares pursuant to the share subscription | 32,034 | – | – | 32,034 |
| Recognition of equity-settled share based payment | – | 8,048 | – | 8,048 |
| At 31 December 2021 | 122,157 | 8,048 | (38,378) | 91,827 |
| Loss and total comprehensive expense for the year | – | – | (90,410) | (90,410) |
| Issue of shares pursuant to the share placing | 22,882 | – | – | 22,882 |
| Issue of shares pursuant to the share subscription | 47,358 | – | – | 47,358 |
| Issue of shares pursuant to the service contracts | 8,007 | (8,097) | – | (90) |
| Issue of shares pursuant to the warrants agreement | 3,143 | (1,673) | – | 1,470 |
| Issue of shares pursuant to the share option scheme | 40 | (14) | – | 26 |
| Recognition of equity-settled share based payment | – | 77,472 | – | 77,472 |
| At 31 December 2022 | 203,587 | 75,736 | (128,788) | 150,535 |

## 38. EVENTS AFTER THE REPORTING PERIOD

An aggregate of 16,000,000 and 16,000,000 warrant shares have been issued and allotted to the subscriber on at the subscription price of HK$0.50 per subscription share pursuant to the terms and conditions of the subscription agreement of the warrants on 5 January 2023 and 3 March 2023 respectively.

In addition, on 6 March 2023, an aggregate of 20,000,000 subscription shares have been issued and allotted to the subscriber, Ms. Wu Yanyan, an executive director of the Company and the elder sister of Mr. Wu Jianwei, a non-executive director of the Company at the subscription price of HK$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement. The gross proceeds from the subscription will be HK$12,400,000. The estimated net proceeds from the subscription after deduction of expenses, will amount to approximately HK$12,200,000.

# Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years/period. The financial information for the year ended 31 December 2022 and 2021/as at 31 December 2022 and 2021 is extracted from the consolidated financial statements in this annual report while the relevant information for the nine months ended 31 December 2020 and the years ended 31 March 2020 and 2019/as at 31 December 2020, 31 March 2020 and 2019 is extracted from the Prospectus and pervious annual reports.

**Results of the Group**

| | **For the year ended 31 December 2022** | For the year ended 31 December 2021 | For the nine months ended 31 December 2020 | For the year ended 31 March 2020 | 2019 |
|---|---|---|---|---|---|
| | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **Revenue** | **80,142** | 55,032 | 40,909 | 64,278 | 73,976 |
| **Loss before tax** | **(164,669)** | (60,933) | (32,058) | (17,268) | (7,751) |
| **Income tax credit/(expense)** | **3,482** | (1,066) | 1,587 | 985 | 182 |
| **Loss and total comprehensive expense for the year/period** | **(161,187)** | (61,999) | (30,471) | (16,283) | (7,569) |
| **Loss and total comprehensive expense for the year/period attributable to owners of the Company** | **(160,311)** | (61,364) | (30,471) | (16,330) | (7,736) |

**Assets and liabilities of the Group**

| | As at 31 December | As at 31 December | | As at 31 March | |
|---|---|---|---|---|---|
| | **2022** | 2021 | 2020 | 2020 | 2019 |
| | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **Non-current assets** | **124,307** | 124,401 | 89,892 | 58,780 | 28,444 |
| **Current assets** | **45,772** | 45,613 | 49,571 | 67,916 | 88,122 |
| **Total assets** | **170,079** | 170,014 | 139,463 | 126,696 | 116,566 |
| **Current liabilities** | **80,857** | 56,868 | 47,566 | 21,790 | 18,670 |
| **Non-current liabilities** | **38,331** | 51,478 | 28,441 | 29,830 | 5,836 |
| **Net assets** | **50,891** | 61,668 | 63,456 | 75,076 | 92,060 |