

Interim Report 2023

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



To Give Positive Environmental Impact

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

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Liang Zihao (*Co-Chairman*)
Mr. Li Man Keung Edwin
(*Vice Chairman*)
Mr. Sam Weng Wa Michael
Mr. Pan Wenyuan
Ms. Wu Yanyan
Mr. Yip Shiu Hong (*Chief Executive Officer*) (*Note 1*)
Mr. Lau Wai Yan Lawson (*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

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

Note 1: Appointed as executive Director on 17 May 2023

Note 2: Resigned on 17 May 2023

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson (*CPA*)

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Cayman Islands

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER AGENT**

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STOCK CODE

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Electric vehicle charging business

In recent years, the Hong Kong EV industry has witnessed a robust expansion, primarily driven by a combination of strong Government policy support and high international oil prices. This has led to the increasing popularity of new energy vehicles, which have emerged as the dominant force propelling the industry forward.

The Government introduced the Hong Kong Roadmap on Popularization of Electric Vehicles in 2021, outlining its long-term policy objectives and plans to promote the widespread adoption of EVs and their supporting infrastructure in the region. The Government has implemented a series of macroeconomic policies. Some of the key policies include:

1. Encouraging the provision of EV charging-enabling infrastructure by introducing the “EV-charging at Home Subsidy Scheme” (EHSS) with a budget of HK\$3.5 billion. This scheme aims to subsidize the installation of EV charging-enabling infrastructure (EVCEI) in car parks of existing private residential buildings. With the target of having at least 150,000 parking spaces equipped with relevant infrastructure in 2025 or earlier.
2. As outlined in the Chief Executive's 2022 Policy Address, the Government plans to raise the percentage of parking spaces with EV chargers from 30% to a full 100% in newly constructed or soon-to-be completed government premises. This initiative aims to offer an extra 7,000 parking spaces equipped with EV chargers by the year 2025.
3. Providing first registration tax (FRT) concessions for EVs. FRT for electric commercial vehicles, electric motorcycles, and electric motor tricycles will be fully waived and allowing 100% profits tax deduction for the capital expenditure on EVs in the first year of procurement.

Fueled by a range of government policies, including the plan to prohibit new registration of fuel-propelled private cars, including hybrid vehicles by 2035, the proportion of newly registered electric private cars has surged, escalating from 6.3% in 2019 to a remarkable 61% in June 2023. This signifies the accelerated transition of private car drivers and that in every 10 newly registered private cars more than 6 are now electric.

According to data from the Environmental Protection Department, by the end of June 2023, there were 60,943 EVs in Hong Kong, constituting 6.6% of the overall vehicle count.

As at 30 June 2023, the public charging network comprises a total of 6,142 EV chargers available for public use in Hong Kong. This includes 3,596 medium chargers and 1,022 quick chargers and 1,524 normal chargers distributed across all 18 districts of the city.

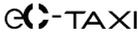
The transition to vehicle electrification is currently still outpacing the availability of charging slots. As at the end of June 2023, the ratio of publicly accessible EV chargers to the total number of EVs was about 1:10, a notable increase from the ratio of approximately 1:6 observed at the end of March 2022. This expanding gap highlights an increasing need for infrastructure development to bridge this discrepancy.

In response to the rising demand for EV charging, our Group has taken a lead role by making substantial investments in the industry. This proactive approach reflects our commitment to contribute to the growth and enhancement of the EV charging sector, ensuring a seamless charging experience as electric vehicle adoption accelerates.

As at 30 June 2023, our Group has successfully deployed our EV Chargers in over 121 car parks that span across all 18 Districts in Hong Kong, commanding a substantial market presence. Our collaboration with The Link will involve a phased rollout of Cornerstone GO EV charging stations across 33 car parks throughout the region.

With a strong focus on capturing EHSS opportunities, our strategy involves actively participating in EHSS project bids. Up to the end of June 2023, we have successfully secured approximately 30% of all EHSS projects to date supported by the Hong Kong Government's funding of HK\$3.5 billion, showcasing our commitment to making a significant impact in this sector.

Cornerstone HOME has achieved a total of 416 subscribers as at 30 June 2023, in comparison to 86 subscribers as at 30 June 2022. This marks an impressive growth of 384%. Cornerstone GO has achieved a total of 10,945 members as at 30 June 2023, in comparison to 1,642 members as at 30 June 2022, a remarkable growth of 567%.

To grasp the opportunity in the electric commercial vehicles market, in May 2023, we introduced Cornerstone BUSINESS, a new venture focused on electric commercial vehicles (E-CVs). This segment is tailored to drivers who rely on transportation income. Cornerstone BUSINESS offers a comprehensive ecosystem, enabling drivers to secure orders through logistics companies, rent E-CVs, and access EV charging facilities along their routes. As pioneers in this space, we have formed our sub-brands  |  and  | . These vehicles will be available for leasing, providing drivers with an all-in-one solution for transportation needs, including charging and parking.

In addition, we have been forging robust alliances with prominent car brands to offer charging options to EV drivers. These encompass services such as home-charger installations, access to our widespread public charging network, and the utilization of car brand-sponsored charging credits available through the Cornerstone Charging Wallet. We have established partnership agreements with renowned EV brands hailing from Europe, Korea, Japan, and China. We are committed to growing and strengthening these partnerships, aiming to become the top EV-driver ecosystem in Hong Kong. Our goal is to seamlessly unite EV drivers, respected brands, and charger providers on a single, comprehensive platform.

During the year, our global business operations generated approximately HK\$1.9 million in revenue for the six months ended 30 June 2023, approximately 76.7% of which was attributed to our business development in Malaysia.

As a result, our revenue in electric vehicle charging business has more than doubled over the period, increasing from approximately HK\$10.3 million for the six months ended 30 June 2022, to approximately HK\$25.5 million for the same period in 2023. Our consolidated adjusted LBITDA (after eliminating the effects of certain non-cash or non-recurring items) decreased by approximately 27.4%, from approximately HK\$35.5 million for the six months ended 30 June 2022 to approximately HK\$25.8 million for the same period in 2023.

Printing business

During the Period, 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.

OUTLOOK

We are poised to assert our role as a key service provider within the EV charging industry, capitalizing on the opportunities that arise. Our Group remains committed to optimizing the diverse revenue-generation models that currently underpin our commercial operations.

In the context of residential charging solutions, our Group remains unwavering in its dedication to improving convenience. We will continue to allocate resources to EV charging in residential parking areas. This will be achieved by capitalizing on the potential of EHSS and forging strategic collaborations with property developers and Owners' Corporations in Hong Kong to expand Cornerstone HOME.

As for public charging, Cornerstone GO assumes a pivotal role. We are dedicated to expanding the network of charging points, positioning it as the preferred platform for all EV drivers in Hong Kong. Our ongoing efforts involve refining the platform's functionalities, ensuring it delivers an easily accessible and user-friendly experience. This enables users to seamlessly identify, reserve, and pay for EV charging, all while accumulating loyalty credits that can be utilized across services within the broader EV ecosystem.

In the commercial domain, our newly launched venture, Cornerstone BUSINESS, will persist in its initial pilot run. This initially includes the introduction of electric taxis and electric vans for lease. Moving forward, we plan to explore and adapt our business model to provide charging solutions for a broader range of commercial vehicles, including e-motorbikes and e-coaches.

Several regions across Asia are currently in the nascent phases of developing their EV charging infrastructure, primarily due to the rapid initiation of EV adoption within these areas. In these regions, incentives and favorable policies are expected to be introduced. Our Group anticipates substantial potential in these areas and is prepared to allocate resources to seize these opportunities. Building upon our successful ventures in Cambodia, Thailand, Malaysia, Indonesia, and Australia, we have embarked on a path to expand our influence. Our endeavors have extended to explorations in Japan and Macau, as we actively seek opportunities to establish partnerships to deepen our geographical footprint.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2023 (the "Period"), the Company and its subsidiaries (collectively the "Group") generated revenue from the electric vehicle charging business, which can be classified into (i) sales of electric vehicle charging systems; (ii) electric vehicle charging income 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. During the Period, revenue is also generated 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 (the "Listing Rules") or the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "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.

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Sales of electric vehicle charging systems		
– Local customers	11,397	9,829
– Overseas customers	1,868	–
Electric vehicle charging income (Previously known as “Subscription fee income”)	1,761	289
Provision of installation service income	10,177	–
Maintenance fee income	328	160
	25,531	10,278
Commercial printing services	10,364	15,185
Financial printing services	12,833	11,336
Other services	545	695
	23,742	27,216
Total	49,273	37,494

Our revenue increased by approximately HK\$11.8 million or 31.5%, from approximately HK\$37.5 million for the six months ended 30 June 2022 to approximately HK\$49.3 million for the Period. As illustrated in the table above, such increase was mainly driven by the electric vehicle charging business, specifically due to an increase in revenue from sales of electric vehicle charging systems of approximately HK\$3.4 million and provision of installation service income of approximately HK\$10.2 million. The increase in revenue was partially offset by a decrease in revenue from the printing business, specifically a decrease in revenue from commercial printing services of approximately HK\$4.8 million.

Electric vehicle charging business

Sales of electric vehicle charging systems

Revenue from sales of electric vehicle charging systems increased by approximately 35.7%, from approximately HK\$9.8 million for the six months ended 30 June 2022 to approximately HK\$13.3 million for the Period. 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 new and existing customers.

Electric vehicle charging income

Revenue from electric vehicle charging income increased from approximately HK\$289,000 for the six months ended 30 June 2022 to approximately HK\$1.8 million for the Period. Such increase was primarily attributable to an increase in the number of users under its public membership and private subscription plans during the Period as compared to the six months ended 30 June 2022.

Provision of installation service income

The Group recorded a revenue of approximately HK\$10.2 million for the Period (2022: nil) from provision of installation services for projects of electric vehicle charging-enabling infrastructure awarded under EHSS.

Maintenance fee income

Revenue from maintenance fee income increased from approximately HK\$160,000 for the six months ended 30 June 2022 to approximately HK\$328,000 for the Period. Such increase was primarily attributable to the increase in the number of electric vehicle chargers installed by the Group.

Printing business

Commercial printing services

Revenue from commercial printing services decreased by approximately 31.6%, from approximately HK\$15.2 million for the six months ended 30 June 2022 to approximately HK\$10.4 million for the Period. Such decrease was mainly due to reduction in orders placed by some major customers and delay of certain printing jobs to second half of 2023.

Financial printing services

Revenue from financial printing services increased by approximately 13.3%, from approximately HK\$11.3 million for the six months ended 30 June 2022 to approximately HK\$12.8 million for the Period. Such increase was mainly attributable to the increase in revenue from printing of financial reporting documents and compliance documents resulting from the increase in number of customers during the Period.

Other services

Revenue from other services decreased by approximately 21.6%, from approximately HK\$695,000 for the six months ended 30 June 2022 to approximately HK\$545,000 for the Period, resulting from the decrease in income from ad hoc design and artwork services.

Cost of services

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

Cost of services in relation to the electric vehicle charging business increased by approximately 150.6%, from approximately HK\$8.5 million for the six months ended 30 June 2022 to approximately HK\$21.3 million for the Period. Such increase was generally in line with the increase in revenue from the electric vehicle charging business during the Period.

Cost of services in relation to the printing business decreased by approximately 25.0%, from approximately HK\$26.4 million for the six months ended 30 June 2022 to approximately HK\$19.8 million for the Period. Such decrease was more than the decrease in revenue from the printing business during the Period as translation costs has decreased due to cost saving policy and depreciation on property, plant and equipment and right-of-use assets has decreased as a result of impairment of such assets as at 31 December 2022.

Gross profit and gross profit margin

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

	Six months ended 30 June 2023		
	Electric vehicle	Printing	Total
	charging business HK\$'000	business HK\$'000	HK\$'000
Revenue	25,531	23,742	49,273
Cost of services	(21,316)	(19,809)	(41,125)
Gross profit	4,215	3,933	8,148
Gross profit margin (%)	16.5	16.6	16.5

	Six months ended 30 June 2022		
	Electric vehicle	Printing	Total
	charging business HK\$'000	business HK\$'000	HK\$'000
Revenue	10,278	27,216	37,494
Cost of services	(8,493)	(26,392)	(34,885)
Gross profit	1,785	824	2,609
Gross profit margin (%)	17.4	3.0	7.0

The electric vehicle charging business recorded a gross profit of approximately HK\$4.2 million (2022: approximately HK\$1.8 million) and a gross profit margin of approximately 16.5% for the Period (2022: approximately 17.4%). The decrease in gross profit margin of the electric vehicle charging business was mainly due to increase in the revenue from EHSS projects which generated a slightly lower gross profit margin.

The printing business recorded a gross profit of approximately HK\$3.9 million (2022: approximately HK\$0.8 million) and a gross profit margin of approximately 16.6% for the Period (2022: approximately 3.0%). The increase in gross profit margin of the printing business was mainly due to the decrease in cost of services outweighing the decrease in revenue.

As a result of the above, the Group's overall gross profit margin increased from approximately 7.0% for the six months ended 30 June 2022 to approximately 16.5% for the Period.

Other income

Our other income mainly represents government subsidies, interest income from bank deposits and sundry income.

Other income decreased by approximately 43.8%, from approximately HK\$1.6 million for the six months ended 30 June 2022 to approximately HK\$0.9 million for the Period, primarily attributable to the absence of wage subsidies of approximately HK\$1.0 million granted from the Employment Support Scheme under Anti-Epidemic Fund of the Hong Kong Government during the Period.

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 88.9%, from approximately HK\$0.9 million for the six months ended 30 June 2022 to approximately HK\$1.7 million for the Period, primarily due to the payment of commissions to the salespersons during the Period.

Administrative and other operating expenses

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

Administrative and other operating expenses decreased by approximately 16.2%, from approximately HK\$48.2 million for the six months ended 30 June 2022 to approximately HK\$40.4 million for the Period. Such decrease was primarily due to the combined effect of (i) the absence of issue of emolument shares to senior management of the Company; (ii) the decrease in professional fees mainly attributable to share placing and grant of green loan facility during the six months ended 30 June 2022; and (iii) the increase in staff costs due to accelerated growth of the electric vehicle charging business during the Period.

Share-based payment expenses

Our share-based payment expenses represent equity-settled share-based payments relating to share options granted by the Company.

Share-based payment expenses increased from approximately HK\$527,000 for the six months ended 30 June 2022 to approximately HK\$14.9 million for the Period. Such increase was primarily due to the grant of share options by the Company on 17 June 2022 and 17 November 2022.

Research and development expenses

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

Research and development expenses for the Period and the six months ended 30 June 2022 were approximately HK\$374,000 and HK\$623,000 respectively.

Finance costs

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

Finance costs increased by approximately 23.1%, from approximately HK\$1.3 million for the six months ended 30 June 2022 to approximately HK\$1.6 million for the Period, mainly attributable to the increase in interest incurred on bank borrowings as a result of an increase in loan amount.

Income tax credit

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

For the Period, the assessable profits of one of the Hong Kong incorporated subsidiaries of the Group (as elected by the management of the Group) is subject to the two-tiered profits tax rates regime, under which the first HK\$2 million of assessable profits will be taxed at 8.25% and assessable profits above HK\$2 million will be taxed at 16.5%. The Hong Kong Profits Tax of other Hong Kong incorporated subsidiaries of the Group is calculated at the standard tax rate of 16.5% of the respective estimated assessable profits for the Period (2022: 16.5%).

For the Period and the six months ended 30 June 2022, the Group recorded an income tax credit of approximately HK\$37,000 and HK\$351,000 respectively.

Loss and total comprehensive expense for the period

As a result of the foregoing, the Group recorded a loss and total comprehensive expense of approximately HK\$49.9 million for the Period (2022: approximately HK\$47.1 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 Period, the Group incurred some one-off expenses, which are not indicative of the operating performance of the business for the Period. 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) depreciation of property, plant and equipment and right-of-use assets of the Group; (iii) amortisation of other intangible assets of electric vehicle charging business and (iv) finance costs of the Group.

Adjusted LBITDA

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before tax	(49,942)	(47,416)
Adjustment:		
Share-based payment expenses	14,924	527
Depreciation of property, plant and equipment	2,530	2,716
Depreciation of right-of-use assets	3,927	7,672
Amortisation of other intangible assets	1,200	604
Reversal of impairment loss recognised on trade receivables	-	(813)
Gain on termination of lease	-	(97)
Finance costs	1,585	1,301
Adjusted LBITDA	(25,776)	(35,506)

As a result of the foregoing, our adjusted LBITDA decreased by approximately 27.4%, from approximately HK\$35.5 million for the six months ended 30 June 2022 to approximately HK\$25.8 million for the Period.

EVENTS AFTER REPORTING PERIOD

Saved as disclosed in this report, no material subsequent event has occurred in relation to the Company or the Group after 30 June 2023 and up to the date of this report.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies.

SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSON UNDER SPECIFIC MANDATE (THE “1ST SUBSCRIPTION”)

On 2 September 2022, the Company and Ms. Wu Yanyan (“Ms. Wu”), an executive Director, entered into a subscription agreement (the “1st Subscription Agreement”), pursuant to which Ms. Wu has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 20,000,000 new ordinary shares at the subscription price of HK\$0.62 per subscription share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the 1st Subscription Agreement was HK\$0.59.

As Ms. Wu is an executive Director and therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules, the 1st Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under the GEM Listing Rules.

Completion of the 1st Subscription took place on 6 March 2023 upon which an aggregate of 20,000,000 subscription shares, with a total nominal value of HK\$200,000, had been issued and allotted to Ms. Wu at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the 1st Subscription Agreement. The subscription shares were issued and allotted pursuant to the specific mandate approved by the independent shareholders at the Company’s extraordinary general meeting held on 22 February 2023. The reason for issuing the subscription shares was that it would bring additional working capital and immediate funding for the Company’s operations in the near future.

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

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

SUBSCRIPTIONS OF NEW SHARES BY CONNECTED PERSONS UNDER SPECIFIC MANDATE (THE “2ND SUBSCRIPTION”)

On 7 December 2022, the Company and Mr. Wu Jianwei, Ms. Wu, Mr. Liang Zihao and Mr. Li Man Keung Edwin (the “Subscribers”), who are either an executive Director or a non-executive Director, entered into a subscription agreement (the “2nd Subscription Agreement”), pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 35,200,000 new ordinary shares at the subscription price of HK\$1.144 per subscription share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the 2nd Subscription Agreement was HK\$2.59.

As the Subscribers are Directors and therefore connected persons of the Company under Chapter 20 of the GEM Listing Rules, the 2nd Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under the GEM Listing Rules.

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

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

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

USE OF PROCEEDS

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

Fund-raising activity	Date of completion	Net proceeds raised (approximate)	Intended use of net proceeds	Actual use of net proceeds during the Period	Balance of net proceeds as at 30 June 2023
The 1 st Subscription	6 March 2023	HK\$12.2 million	<ul style="list-style-type: none"> - 80% for electric vehicle charging business development - 10% for upgrade and acquisition of new equipment, hardware and software - 10% for general corporate purposes 	Fully utilised in accordance with the intended use	Nil
The 2 nd Subscription	30 May 2023	HK\$40.1 million	<ul style="list-style-type: none"> - 80% for electric vehicle charging business development - 10% for upgrade and acquisition of new equipment, hardware and software - 10% for general corporate purposes 	Fully utilised in accordance with the intended use	Nil

DIVIDENDS

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

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules. During the Period, the Company had complied with all the applicable code provisions of the Code.

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

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Standard of Dealings") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the Standard of Dealings from 1 January 2023 and up to the date of this report.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme"), the principal terms of which are summarised in the section headed "Appendix IV – Statutory and General Information – D. Share Option Scheme" in the prospectus of the Company dated 30 April 2018.

As at 30 June 2023, the number of outstanding share options was 80,952,000. The number of share options exercised and lapsed during the Period was 48,000 and 100,000 respectively. No share options were granted or cancelled during the Period. For more details, please refer to Note 9 to the condensed consolidated financial statements in this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

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

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long position in the shares (the “Shares”) or underlying shares of the Company

Name of Directors/chief executive of the Company	Capacity	Number of Shares or underlying Shares held	Percentage of issued share capital
Mr. Wu Jianwei (“Mr. Wu”)	Beneficial owner/Interest of controlled corporation	268,595,225 (Note 1)	32.59%
	Beneficial owner	10,400,000 (Note 5)	1.26%
Mr. Liang Zihao (“Mr. Liang”)	Beneficial owner/Interest of controlled corporation	258,111,225 (Note 2)	31.32%
	Beneficial owner	10,400,000 (Note 5)	1.26%
Mr. Pan Wenyuan (“Mr. Pan”)	Interest of controlled corporation	27,096,000 (Note 3)	3.29%
	Beneficial owner	6,000,000 (Note 5)	0.73%
Mr. Li Man Keung Edwin (“Mr. Li”)	Beneficial owner/Interest of controlled corporations	113,104,613 (Note 4)	13.72%
	Beneficial owner	10,400,000 (Note 5)	1.26%
Mr. Sam Weng Wa Michael	Beneficial owner	6,440,000 (Note 5)	0.78%
Ms. Wu Yanyan	Beneficial owner	53,550,000 (Note 6)	6.50%
Mr. Yip Shiu Hong	Beneficial owner	5,997,905	0.73%
Mr. Tam Ka Hei Raymond	Beneficial owner	1,040,000 (Note 5)	0.13%
Mr. Yuen Chun Fai	Beneficial owner	1,040,000 (Note 5)	0.13%
Ms. Zhu Xiaohui	Beneficial owner	1,040,000 (Note 5)	0.13%
Mr. Ko Shu Ki Kenneth	Beneficial owner	1,532,000 (Note 7)	0.19%
Mr. Ng Sze Chun	Beneficial owner	2,998,953	0.36%

Notes:

1. 235,603,225 Shares are held by Global Fortune Global Limited ("Global Fortune") which is owned as to 51% by Mr. Wu. Mr. Wu is deemed to be interested in the Shares in which Global Fortune is interested under the SFO. Mr. Wu also directly holds 32,992,000 Shares.
2. 235,603,225 Shares are held by Global Fortune which is owned as to 49% by Mr. Liang. Mr. Liang is deemed to be interested in the Shares in which Global Fortune is interested under the SFO. Mr. Liang also directly holds 22,508,000 Shares.
3. Mr. Pan owns 100% of the issued share capital of Silver Rocket Limited ("Silver Rocket"). Mr. Pan is deemed to be interested in the Shares in which Silver Rocket is interested under the SFO.
4. 17,392,000 Shares and 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 14,712,613 Shares.
5. These Shares represent 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.
6. 6,000,000 Shares of which represent 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.
7. 600,000 Shares of which represent 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.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 June 2023, the interests and short positions of the substantial shareholders of the Company (other than the Directors and the chief executives of the Company) in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein, were as follows:

Long positions in the shares or underlying shares of the Company

Name of substantial shareholders	Capacity	Number of Shares or underlying Shares held	Percentage of issued share capital
Global Fortune	Beneficial owner	235,603,225 (Note 1)	28.58%
Tanner Enterprises	Beneficial owner/Interest of controlled corporation	98,392,000 (Note 2)	11.94%
Glorytwin	Beneficial owner	81,000,000 (Note 2)	9.83%
Gateway Capital (Hong Kong) Limited	Investment manager	117,426,703 (Note 3)	14.25%
Gaw Growth Equity Fund I GP Limited	Interest of controlled corporation	117,426,703 (Note 3)	14.25%
Gaw Growth Equity Fund I, LPF	Interest of controlled corporation	94,624,000 (Note 3)	11.48%
Steady Flake Limited	Beneficial owner	94,624,000 (Note 3)	11.48%

Notes:

1. Global Fortune is legally and beneficially owned as to 51% and 49% by Mr. Wu and Mr. Liang respectively. Therefore, by virtue of the SFO, Mr. Wu and Mr. Liang are deemed to be interested in all the Shares held by Global Fortune.
2. Glorytwin is legally and beneficially owned as to 100% by Tanner Enterprises. Therefore, by virtue of the SFO, Tanner Enterprises is deemed to be interested in all the Shares held by Glorytwin.
3. 85,000,000 Shares of which represent the Shares which would be allotted and issued upon exercise in full of the warrants granted by the Company.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERESTS IN COMPETING BUSINESS

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

AUDIT COMMITTEE

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

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

BOARD OF DIRECTORS

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

Executive Directors:

Mr. Liang Zihao (*Co-Chairman*)

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

Mr. Yip Shiu Hong (*Chief Executive Officer*) (appointed on 17 May 2023)

Mr. Sam Weng Wa Michael

Mr. Pan Wenyuan

Ms. Wu Yanyan

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

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

Hong Kong, 14 August 2023

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2023, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	36,816	25,778	49,273	37,494
Cost of services		(26,997)	(21,401)	(41,125)	(34,885)
Gross profit		9,819	4,377	8,148	2,609
Other income	4	226	1,442	905	1,576
Selling expenses		(832)	(493)	(1,737)	(903)
Administrative and other operating expenses		(20,137)	(30,577)	(40,375)	(48,247)
Share-based payment expenses		(7,489)	(35)	(14,924)	(527)
Research and development expenses		(93)	(353)	(374)	(623)
Finance costs	5	(854)	(642)	(1,585)	(1,301)
Loss before tax	6	(19,360)	(26,281)	(49,942)	(47,416)
Income tax credit	7	-	133	37	351
Loss and total comprehensive expense for the period		(19,360)	(26,148)	(49,905)	(47,065)

	Three months ended		Six months ended		
	30 June		30 June		
	2023	2022	2023	2022	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
(Loss) Profit and total comprehensive expense (income) for the period attributable to:					
Owners of the Company	(20,120)	(26,241)	(50,116)	(46,889)	
Non-controlling interests	760	93	211	(176)	
	(19,360)	(26,148)	(49,905)	(47,065)	
Loss per share attributable to owners of the Company					
Basic and diluted (<i>HK cents</i>)	<i>8</i>	(2.51)	(4.10)	(6.41)	(7.52)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	11	35,903	27,660
Right-of-use assets		31,205	35,132
Other intangible assets		25,188	23,110
Goodwill		30,080	30,080
Interests in an associate		267	–
Deposits	14	6,341	3,687
Deferred tax assets		4,638	4,638
		133,622	124,307
Current assets			
Inventories	12	7,990	7,723
Contract assets	13	7,312	276
Trade and other receivables, prepayments and deposits	14	54,766	27,251
Bank balances and cash		4,216	10,522
		74,284	45,772

		At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Current liabilities			
Contract liabilities	13	1,843	847
Trade and other payables	15	42,245	41,735
Interest-bearing bank and other borrowings	16	25,569	25,441
Lease liabilities	17	7,696	7,809
Amounts due to former Director/ Director	18	5,377	5,025
		82,730	80,857
Net current liabilities		(8,446)	(35,085)
Total assets less current liabilities		125,176	89,222
Non-current liabilities			
Lease liabilities	17	25,799	29,695
Interest-bearing bank and other borrowings	16	6,172	-
Provisions	19	2,802	2,799
Deferred tax liabilities		5,800	5,837
		40,573	38,331
NET ASSETS		84,603	50,891
Capital and reserves			
Share capital	20	8,242	7,370
Reserves		77,661	45,032
Equity attributable to owners of the Company		85,903	52,402
Non-controlling interests		(1,300)	(1,511)
TOTAL EQUITY		84,603	50,891

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Reserves					Total HK\$'000			
	Share capital HK\$'000	Share premium HK\$'000 (Note i)	Capital reserve HK\$'000 (Note ii)	Share-based payments reserve HK\$'000	Accumulated losses HK\$'000				
At 1 January 2022 (Audited)	6,078	122,157	17,802	8,048	(91,782)	62,303	(635)	61,668	
Change in equity for the six months ended 30 June 2022:	497	18,856	–	–	–	19,353	–	19,353	
Issue of shares pursuant to share subscription (Note 20)	453	27,643	–	–	–	28,096	–	28,096	
Issue of shares pursuant to share placing (Note 20)	395	24,107	–	–	–	24,502	–	24,502	
Issue of shares pursuant to service contracts (Note 20)	90	8,007	–	–	–	8,097	–	8,097	
Issue of shares pursuant to the share option scheme (Note 20)	1	25	–	–	–	26	–	26	
Recognition of equity-settled share-based payment (Note 9)	–	–	–	527	–	527	–	527	
Loss and total comprehensive expense for the period	–	–	–	–	(46,889)	(46,889)	(176)	(47,065)	
At 30 June 2022 (Unaudited)	7,017	181,939	17,802	8,575	(138,671)	76,662	(811)	75,851	
At 1 January 2023 (Audited)	7,370	203,587	17,802	75,736	(252,093)	52,402	(1,511)	50,891	
Change in equity for the six months ended 30 June 2023:	320	15,680	–	–	–	16,000	–	16,000	
Issue of shares pursuant to exercise of warrants (Note 20)	320	15,680	–	–	–	16,000	–	16,000	
Issue of shares pursuant to share subscriptions (Note 20)	552	52,116	–	–	–	52,668	–	52,668	
Issue of shares pursuant to the share option scheme (Note 20)	–*	39	–	(14)	–	25	–	25	
Recognition of equity-settled share-based payment (Note 9)	–	–	–	14,924	–	14,924	–	14,924	
Loss and total comprehensive expense for the period	–	–	–	–	(50,116)	(50,116)	211	(49,905)	
At 30 June 2023 (Unaudited)	8,242	271,422	17,802	90,666	(302,209)	85,903	(1,300)	84,603	

* Represents amount less than HK\$1,000

Notes:

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash used in operating activities	(61,257)	(40,998)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,772)	(6,382)
Purchase of other intangible assets	(3,279)	-
Net cash outflow from disposal of subsidiary	-	(336)
Net cash used in investing activities	(14,051)	(6,718)
FINANCING ACTIVITIES		
Repayment of bank borrowings	-	(67)
New borrowings raised	6,172	-
Repayment of lease liabilities	(5,005)	(4,110)
Proceeds from issue of placing shares	-	24,502
Proceeds from issue of subscription shares	52,669	-
Proceeds from issue of shares pursuant to exercise of warrants	16,000	-
Proceeds from issue of shares pursuant to exercise of share options	26	26
Proceeds from receipt in advance for placing of shares	-	20,038
Transaction costs attributable to issue of shares	(400)	(475)
Commission paid to a placing agent	-	(1,225)
Interest paid	(460)	(1,301)
Advance from shareholders	-	4,100
Net cash from financing activities	69,002	41,488
Net decrease in cash and cash equivalents	(6,306)	(6,228)
Cash and cash equivalents at beginning of period	10,522	16,622
Cash and cash equivalents at end of period, represented by bank balances and cash	4,216	10,394

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 (the "Condensed Consolidated Financial Statements") are presented in Hong Kong dollars ("HK\$"), which is also the primary functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Condensed Consolidated Financial Statements are consistent with those adopted in preparing the annual financial statements of the Group for the year ended 31 December 2022 (the "2022 Annual Report"), except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

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

Adoption of new/revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2023:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

The application of the amendments to HKFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in the Condensed Consolidated Financial Statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Condensed Consolidated Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. In preparing the Condensed Consolidated Financial Statements, the significant judgements made by the management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the 2022 Annual Report.

3. REVENUE AND SEGMENT INFORMATION

Segment information

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

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

- (a) Provision of electric vehicle charging solution services, installation services, maintenance services and sales of electric vehicle charging systems; and
- (b) Provision of printing, typesetting and translation services.

Revenue

(i) Disaggregation of revenue from contracts with customers

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<u>Electric vehicle charging business</u>				
<u>Sales of electric vehicle charging systems</u>				
– Local customers	8,521	6,393	11,397	9,829
– Overseas customers	947	–	1,868	–
<u>Electric vehicle charging income (Previous known as "Subscription fee income")</u>				
	988	149	1,761	289
<u>Provision of installation service income</u>				
	7,288	–	10,177	–
<u>Maintenance fee income</u>				
	198	160	328	160
	17,942	6,702	25,531	10,278
<u>Printing business</u>				
Commercial printing services	7,820	9,830	10,364	15,185
Financial printing services	10,666	8,917	12,833	11,336
Other services (Note)	388	329	545	695
	18,874	19,076	23,742	27,216
Total	36,816	25,778	49,273	37,494

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

(ii) **Segment information**

Six months ended 30 June 2023 (unaudited)

	Electric vehicle charging business HK\$'000	Printing business HK\$'000	Total HK\$'000
Revenue from external customers	25,531	23,742	49,273
Segment results	(19,894)	(7,956)	(27,850)
Unallocated expenses			(22,092)
Income tax credit			37
Loss for the period			(49,905)
Segment assets	156,451	50,995	207,446
Unallocated assets			460
Total assets			207,906
Segment liabilities	(42,923)	(65,622)	(108,545)
Unallocated liabilities			(14,758)
Total liabilities			(123,303)
Other segment information:			
Addition to property, plant and equipment	10,481	291	10,772
Additions to other intangible assets	3,279	-	3,279
Cost of services	21,316	19,809	41,125
Depreciation of property, plant and equipment	1,899	631	2,530
Depreciation of right-of-use assets	1,456	2,471	3,927
Amortisation of other intangible assets	1,200	-	1,200

Six months ended 30 June 2022 (unaudited)

	Electric vehicle charging business <i>HK\$'000</i>	Printing business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	10,278	27,216	37,494
Segment results	(18,335)	(11,567)	(29,902)
Unallocated expenses			(17,514)
Income tax credit			351
Loss for the period			(47,065)
Segment assets	70,814	76,086	146,900
Unallocated assets			38,593
Total assets			185,493
Segment liabilities	(22,313)	(59,859)	(82,172)
Unallocated liabilities			(27,470)
Total liabilities			(109,642)
Other segment information:			
Addition to property, plant and equipment	6,271	111	6,382
Cost of services	8,493	26,392	34,885
Depreciation of property, plant and equipment	828	1,888	2,716
Depreciation of right-of-use assets	1,705	5,967	7,672
Amortisation of other intangible assets	604	-	604

Three months ended 30 June 2023 (unaudited)

	Electric vehicle charging business HK\$'000	Printing business HK\$'000	Total HK\$'000
Revenue from external customers	17,942	18,874	36,816
Segment results	(9,809)	1,179	(8,630)
Unallocated expenses			(10,730)
Income tax credit			-
Loss for the period			(19,360)
Segment assets	156,451	50,995	207,446
Unallocated assets			460
Total assets			207,906
Segment liabilities	(42,923)	(65,622)	(108,545)
Unallocated liabilities			(14,758)
Total liabilities			(123,303)
Other segment information:			
Addition to property, plant and equipment	6,162	291	6,453
Additions to other intangible assets	775	-	775
Cost of services	15,122	11,875	26,997
Depreciation of property, plant and equipment	995	318	1,313
Depreciation of right-of-use assets	728	1,236	1,964
Amortisation of other intangible assets	624	-	624

Three months ended 30 June 2022 (unaudited)

	Electric vehicle charging business HK\$'000	Printing business HK\$'000	Total HK\$'000
Revenue from external customers	6,702	19,076	25,778
Segment results	(8,771)	(2,975)	(11,746)
Unallocated expenses			(14,537)
Income tax credit			133
Loss for the period			(26,150)
Segment assets	70,814	76,086	146,900
Unallocated assets			38,594
Total assets			185,494
Segment liabilities	(22,313)	(59,859)	(82,172)
Unallocated liabilities			(27,470)
Total liabilities			(109,642)
Other segment information:			
Addition to property, plant and equipment	1,808	11	1,819
Cost of services	5,326	16,075	21,401
Depreciation of property, plant and equipment	463	923	1,386
Depreciation of right-of-use assets	754	2,784	3,538
Amortisation of other intangible assets	302	-	302

Geographical information

Since the Group mainly operates in Hong Kong and the Group's assets and liabilities are mainly located in Hong Kong, no geographical segment information is presented.

Information about major customers

Revenue from customers which individually contributed 10% or more of the total revenue of the Group is as follows:

	Six months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	5,954	7,621

4. OTHER INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government subsidies (Note)	-	1,000	-	1,000
Subsidy from Technology Voucher Programme	-	-	322	-
Subsidy from Green Employment Scheme: Graduates Subsidy Programme 2022	-	-	22	-
Reimbursement under the Reimbursement of Maternity Leave Pay Scheme	-	-	80	-
Gain on termination of lease	-	97	-	97
Interest income	45	52	89	111
Sundry income	181	293	392	368
	226	1,442	905	1,576

Note: During the six months ended 30 June 2023, the Group recognised wage subsidies of HK\$Nil (2022: approximately HK\$1,000,000) granted from the Employment Support Scheme under Anti-Epidemic Fund of the Hong Kong Government.

5. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	421	3	588	11
Interest on lease liabilities	433	639	997	1,290
	854	642	1,585	1,301

6. LOSS BEFORE TAX

This is stated after charging (crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)				
- Salaries and other benefits	17,081	24,465	34,556	39,945
- Contributions to defined contribution plans	577	515	1,137	975
- Share-based payment expenses	7,117	31	14,181	523
Total staff costs	24,775	25,011	49,874	41,443
Other items:				
Auditor's remuneration	278	191	494	396
Cost of inventories (<i>Note</i>)	26,997	21,401	41,125	34,885
Depreciation of property, plant and equipment	1,313	1,366	2,530	2,716
Depreciation of right-of-use assets	1,964	3,538	3,927	7,672
Amortisation of other intangible assets	624	302	1,200	604
Exchange (gain) loss, net	(5)	6	(7)	11
Reversal of impairment loss recognised on trade receivables	-	(179)	-	(813)
Gain on termination of lease	-	(97)	-	(97)
Share-based payment expenses (non-employee related)	372	4	743	4

Note: During the six months ended 30 June 2023, cost of inventories included approximately HK\$10.7 million (2022: approximately HK\$15.0 million) relating to the aggregate amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets and operating lease charges, which were included in the respective amounts as disclosed above.

7. INCOME TAX CREDIT

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax:				
Provision for the period	-	-	-	-
Deferred taxation	-	(133)	(37)	(351)
	-	(133)	(37)	(351)

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

Under the two-tiered profits tax rates regime, Hong Kong Profits Tax is calculated at the rate of 8.25% on the first HK\$2 million of the estimated assessable profits of the qualifying group entity and 16.5% on the remaining amount of the estimated assessable profits for the six months ended 30 June 2022. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2022: 16.5%).

8. LOSS PER SHARE

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

Three months ended		Six months ended	
30 June		30 June	
2023	2022	2023	2022
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Loss:

Loss for the purpose of calculating
basic and diluted loss per share (loss
for the period attributable to owners
of the Company)

(20,120)	(26,241)	(50,116)	(46,889)
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'000	'000	'000	'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Number of shares:

Weighted average number of ordinary
shares for the purpose of calculating
basic and diluted loss per share

801,417	639,772	782,428	623,870
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Diluted loss per share for the six months ended 30 June 2023 and 2022 is the same as the basic loss per share as the share options of the Company outstanding as at 30 June 2023 and 2022 had an anti-dilutive effect on the basic loss per share.

9. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the share option scheme adopted by the Company on 19 April 2018 (the "Share Option Scheme"), an aggregate of 30,428,000 share options were granted to eligible participants of the Group on 28 January 2021, 17 June 2022 and 17 November 2022. The movements of share options under the Share Option Scheme during the six months ended 30 June 2023 are as follows:

Category/Name of grantees	Date of grant	Exercise price (HK\$)	Vesting date	Exercise period	Number of share options						
					Balance as at 1 January 2023	Granted during the period (Note 1)	Exercised during the period (Note 2)	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2023	
Directors/Substantial shareholders											
Liang Zihao	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	4,400,000	-	-	-	-	-	4,400,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2033	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 2033	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 2033	6,000,000	-	-	-	-	-	6,000,000
Lau Wai Yan Lawson (Note 4)	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	1,100,000	-	-	-	-	-	1,100,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2033	6,000,000	-	-	-	-	-	6,000,000
Wu Jianwei	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	4,400,000	-	-	-	-	-	4,400,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2033	6,000,000	-	-	-	-	-	6,000,000
Pan Wenyuan	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2033	6,000,000	-	-	-	-	-	6,000,000
Wu Yanyan	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2033	6,000,000	-	-	-	-	-	6,000,000
Yeung Chun Yue David (Note 4)	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2033	6,000,000	-	-	-	-	-	6,000,000

Category/Name of grantees	Date of grant	Exercise price (HK\$)	Vesting date	Exercise period	Number of share options					
					Balance as at 1 January 2023	Granted during the period (Note 1)	Exercised during the period (Note 2)	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2023
Tam Ka Hei Raymond	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	440,000	-	-	-	-	440,000
	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2033	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 2033	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 2033	600,000	-	-	-	-	600,000
Ko Shu Ki Kenneth	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2033	600,000	-	-	-	-	600,000
Employees										
In aggregate	28 January 2021	0.54	27 July 2021	27 July 2021 to 27 January 2031	1,964,000	-	(48,000)	-	-	1,916,000
In aggregate	28 January 2021	0.54	1 April 2022	1 April 2022 to 27 January 2031	1,116,000	-	-	-	-	1,116,000
In aggregate	17 June 2022	0.85	16 June 2023	17 June 2023 to 16 June 2032	1,700,000	-	-	(100,000)	-	1,600,000
In aggregate	17 November 2022	0.79	17 November 2023	17 November 2023 to 16 November 2033	4,800,000	-	-	-	-	4,800,000
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	16 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 2033	3,000,000	-	-	-	-	3,000,000
Total					81,100,000	-	(48,000)	(100,000)	-	80,952,000

Notes:

1. The number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during the six months ended 30 June 2023 divided by the weighted average number of Shares in issue for the six months ended 30 June 2023 was zero.
2. The weighted average closing price of the shares immediately before the date on which the options were exercised was HK\$1.18.
3. The number of share options available for grant under the Share Option Scheme as at 1 January 2023 and 30 June 2023 was 7,143,054 and 7,143,054 respectively.
4. Mr. Lau Wai Yan Lawson and Mr. Yeung Chun Yue David had resigned as an executive Director with effect from 17 May 2023.

Equity-settled share-based payments amounted to approximately HK\$14.9 million (2022: approximately HK\$527,000) were charged to profit or loss during the six months ended 30 June 2023.

10. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of approximately HK\$10.8 million (2022: approximately HK\$6.4 million).

12. INVENTORIES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Raw materials	4,734	4,743
Work in progress	98	31
Finished goods	3,158	2,949
	7,990	7,723

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Contract assets	(a) 7,312	276
Contract liabilities	(b) 1,843	847

(a) Contract assets

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Provision of installation service relating to electric vehicle charging-enabling infrastructure	7,312	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.

(b) Contract liabilities

	At	At
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Provision of financial printing services on IPO projects	343	722
Provision of installation service relating to electric vehicle charging-enabling infrastructure	1,500	125
	1,843	847

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.

14. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Trade receivables		
– Contracts with customers	29,145	18,544
– Amount due from related companies (Note 18)	302	465
	29,447	19,009
<i>Less: provision for impairment of trade receivables</i>	(2,179)	(2,179)
Trade receivables, net	27,268	16,830
Other receivables	1,529	1,949
Prepayments	25,969	4,051
Deposits	6,341	8,108
	33,839	14,108
Total	61,107	30,938
Analysed as:		
Non-current assets	6,341	3,687
Current assets	54,766	27,251
	61,107	30,938

The Group normally grants credit terms of up to 60 days from the date of issuance of invoices. The credit period provided to customers varies 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 ageing analysis of trade receivables based on invoice date at the dates indicated:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Within 30 days	15,756	10,716
31 to 60 days	5,387	2,418
61 to 90 days	1,739	1,246
Over 90 days	6,565	4,629
	29,447	19,009

15. TRADE AND OTHER PAYABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Trade payables due to third parties	22,182	16,592
Trade payables due to related companies (Note 18)	800	166
Trade payables	22,982	16,758
Accruals and other payables	17,036	11,017
Amounts due to related companies (Note 18)	80	339
Receipts in advance for placing of shares	-	12,400
Deposits received	2,147	1,221
	19,263	24,977
Total	42,245	41,735

The Group is normally granted credit terms of up to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

The following is an ageing analysis of trade payables based on invoice date at the dates indicated:

	At	At
	30 June	31 December
	2023	2022
	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 30 days	6,203	9,736
31 to 60 days	7,342	4,621
61 to 90 days	4,074	2,401
Over 90 days	5,363	-
	22,982	16,758

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

Details of interest-bearing bank and other borrowings of the Group at the dates indicated are as follows:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Bank borrowings – secured (Note 1)	25,569	25,441
Other borrowings – secured (Note 2)	6,172	-
	31,741	25,441
Carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	1,678	384
Within a period of more than one year but not exceeding two years	2,222	2,380
Within a period of more than two years but not exceeding five years	7,971	7,840
Within a period of more than five years	13,698	14,837
	25,569	25,441
Carrying amounts of other borrowings repayable:		
Within a period of more than one year but not exceeding two years	6,172	-
	31,741	25,441
Less: Amount shown under current liabilities	(25,569)	(25,441)
Amount shown under non-current liabilities	6,172	-

- The bank borrowings contain a repayment on demand clause and the amounts due are presented based on scheduled repayment dates set out in the loan agreements. The bank borrowings are drawn under banking facilities of subsidiaries of the Company and bear a flat interest rate of 3.5% per annum (2022: flat interest rate of 6.6% per annum). As at 30 June 2023, the banking facilities are secured and guaranteed by personal guarantees given by the Directors, Li Man Keung Edwin, Liang Zihao and Wu Jianwei.

The Group 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. As at 30 June 2023 and 31 December 2022, none of the covenants relating to drawn down facilities had been breached.

- Other borrowings represent green loans drawn under the green loan facility of HK\$150,000,000 provided by Captain Source Limited. As at 30 June 2023, the loans are secured by equity interests and bank balances of certain of the Company's subsidiaries, bearing interest at the range of 10% to 20% per annum and repayable in the eighteenth month from the date of drawdown.

17. LEASE LIABILITIES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Lease liabilities payable:		
Within one year	7,696	7,809
Within a period of more than one year but not exceeding two years	8,029	17,337
Within a period of more than two years but not exceeding five years	17,770	12,358
	33,495	37,504
Less: Amount due for settlement within 12 months shown under current liabilities	(7,696)	(7,809)
Amount due for settlement after 12 months shown under non-current liabilities	25,799	29,695

18. RELATED PARTY TRANSACTIONS

- (a) Details of amounts due from/to related parties as at 30 June 2023 and 31 December 2022 are as follows:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Name of related parties		
Amounts due to former Director/Director		
Yeung Chun Yue David (Note i)	5,377	1,025
Liang Zihao (Note i)	-	4,000
	5,377	5,025
Balances included in trade receivables:		
Amounts due from related companies		
(Note ii, Note 14)	302	465
Balances included in trade payables:		
Amounts due to related companies		
(Note ii, Note 15)	800	166
Balances included in other payables:		
Amounts due to related companies		
(Note i, Note 15)	80	339

Notes:

- (i) The amounts were unsecured, interest free and repayable on demand.
- (ii) The amounts were unsecured, interest free and to be settled according to the relevant trading terms.

- (b) In addition to the transactions and balances disclosed elsewhere in the notes to the Condensed Consolidated Financial Statements, the Group had the following related party transactions during the six months ended 30 June 2023 and 2022:

	Six months ended	
	30 June	
	2023	2022
	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Sales of electric vehicle charging systems		
to an associate company	374	-
Commercial printing service income		
from related companies	39	10
Financial printing service income		
from related companies	181	132
Other service income from related companies	297	524
Administrative and other operating expenses		
to related companies	938	2,022

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

	Six months ended	
	30 June	
	2023	2022
	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	7,110	7,224
Contributions to defined contribution retirement		
scheme	73	82
Share-based payment expenses	6,934	322
Emolument shares	-	8,097
	14,117	15,725

19. PROVISIONS

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Reinstatement provisions	2,802	2,799
Analysed as:		
Non-current liabilities	2,802	2,799

20. SHARE CAPITAL

	Note	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 January 2023 (Audited) and 30 June 2023 (Unaudited)		100,000,000	1,000,000
Issued and fully paid:			
At 1 January 2022 (Audited)		607,791	6,078
Issue of shares pursuant to share placing	(i)	39,520	395
Issue of shares pursuant to share subscription	(ii)	77,636	777
Issue of shares pursuant to service contracts	(iii)	8,997	90
Issue of shares pursuant to exercise of warrants	(iv)	3,000	30
Issue of shares pursuant to the Share Option Scheme	(v)	48	-*
At 31 December 2022 and 1 January 2023 (Audited)		736,992	7,370
Issue of shares pursuant to exercise of warrants	(vi)	32,000	320
Issue of shares pursuant to share subscription	(vii)	55,200	552
Issue of shares pursuant to the Share Option Scheme	(viii)	48	-*
At 30 June 2023 (Unaudited)		824,240	8,242

* Represents amount less than HK\$1,000

Notes:

- (i) On 31 May 2022, an aggregate of 39,520,000 placing shares were successfully placed at the placing price of HK\$0.62 per placing share pursuant to the terms and conditions of the placing agreements.
- (ii) On 31 May 2022, an aggregate of 45,316,000 subscription shares were issued and allotted to the subscribers at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the deed of settlement of debt.
- In addition, on 13 July 2022, an aggregate of 32,320,000 subscription shares issued and allotted to the subscribers at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement.
- (iii) On 31 May 2022, 5,997,905 and 2,998,953 emolument shares were 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.
- (iv) On 14 December 2022, an aggregate of 3,000,000 warrant shares were issued and allotted to Steady Flake Limited at the subscription price of HK\$0.50 per subscription share pursuant to the terms and conditions of the warrant subscription agreement.
- (v) During the year ended 31 December 2022, share options were exercised at subscription price of HK\$0.54 per ordinary share, resulting in the issue of 48,000 ordinary shares for proceeds of HK\$25,920.
- (vi) On 5 January 2023 and 3 March 2023, 16,000,000 warrant shares and 16,000,000 warrant shares were issued and allotted respectively to Steady Flake Limited at the subscription price of HK\$0.50 per subscription share pursuant to the terms and conditions of the warrant subscription agreement.
- (vii) On 6 March 2023, 20,000,000 subscription shares were issued and allotted to Ms. Wu Yanyan, an executive Director, at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement.
- On 30 May 2023, 35,200,000 subscription shares were issued and allotted to Mr. Wu Jianwei, Ms. Wu Yanyan, Mr. Liang Zihao and Mr. Li Man Keung Edwin, who are either an executive Director or a non-executive Director, at the subscription price of HK\$1.144 per subscription share pursuant to the terms and conditions of the subscription agreement.
- (viii) During the six months ended 30 June 2023, share options were exercised at subscription price of HK\$0.54 per ordinary share, resulting in the issue of 48,000 ordinary shares for proceeds of HK\$25,920.

21. RETIREMENT BENEFITS SCHEME

Defined contribution plans

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

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

22. DISPOSAL OF A SUBSIDIARY

During the six months ended 30 June 2022, Elegance Finance Printing Services Limited, an indirect wholly-owned subsidiary of the Company, completed the disposal of a 100% equity interest in Teamco Translation Limited ("Teamco") to Lau Wai Yan Lawson, an executive Director at the time being, for nominal proceeds of HK\$1. The principal activity of Teamco was provision of translation services.

23. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Group has no significant events subsequent to 30 June 2023 and up to the date of this report.

24. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Condensed Consolidated Financial Statements were approved and authorised for issue by the Board on 14 August 2023.



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