

Third Quarterly 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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The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 30 September 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 nine months ended 30 September 2023

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Re-presented)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Re-presented)
Continuing operations					
Revenue	3	26,418	10,287	51,949	20,565
Cost of services		(22,542)	(9,211)	(43,858)	(17,704)
Gross profit		3,876	1,076	8,091	2,861
Other income	4	9	1,410	307	1,633
Administrative and other operating expenses		(18,333)	(11,952)	(49,250)	(47,107)
Share-based payment expenses	10	(7,390)	(209)	(22,314)	(736)
Research and development expenses		-	(36)	(374)	(659)
Finance costs	5	(298)	(146)	(549)	(449)
Share of results of associates		(71)	-	(71)	-
Loss before tax from continuing operations	6	(22,207)	(9,857)	(64,160)	(44,457)
Income tax credit	7	75	38	112	112
Loss for the period from continuing operations		(22,132)	(9,819)	(64,048)	(44,345)
Discontinued operations					
Loss for the period from discontinued operations	9	(3,417)	(7,481)	(11,406)	(20,009)
Loss and total comprehensive expense for the period		(25,549)	(17,300)	(75,454)	(64,354)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Re-presented)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Re-presented)
(Loss)/profit and total comprehensive (expense)/income for the period attributable to:					
Owners of the Company		(25,638)	(17,192)	(75,754)	(64,070)
Non-controlling interests		89	(108)	300	(284)
		(25,549)	(17,300)	(75,454)	(64,354)
From continuing and discontinued operations					
Loss per share attributable to owners of the Company					
Basic and diluted (<i>HK cents</i>)	8	(3.00)	(2.36)	(9.39)	(9.71)
From continuing operations					
Loss per share attributable to owners of the Company					
Basic and diluted (<i>HK cents</i>)	8	(2.59)	(1.35)	(7.93)	(6.72)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000 (Note i)	Capital reserve HK\$'000 (Note ii)	Reserves		Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
				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 nine months ended 30 September 2022:								
Issue of shares pursuant to share subscription (Note iii)	776	47,359	-	-	-	48,135	-	48,135
Issue of shares pursuant to share placing (Note iv)	395	24,107	-	-	-	24,502	-	24,502
Issue of shares pursuant to service contracts (Note v)	90	8,007	-	-	-	8,097	-	8,097
Issue of shares pursuant to the share option scheme (Note vi)	1	25	-	-	-	26	-	26
Recognition of equity-settled share-based payment (Note 10)	-	-	-	736	-	736	-	736
Loss and total comprehensive expense for the period	-	-	-	-	(64,070)	(64,070)	(284)	(64,354)
At 30 September 2022 (Unaudited)	7,340	201,655	17,802	8,784	(155,852)	79,729	(919)	78,810
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 nine months ended 30 September 2023:								
Issue of shares pursuant to exercise of warrants (Note vii)	940	46,060	-	-	-	47,000	-	47,000
Issue of shares pursuant to share subscriptions (Note viii)	552	52,116	-	-	-	52,668	-	52,668
Issue of shares pursuant to the share option scheme (Note ix)	-*	39	-	(14)	-	25	-	25
Recognition of equity-settled share-based payment (Note 10)	-	-	-	22,314	-	22,314	-	22,314
(Loss)/profit and total comprehensive (expense)/income for the period	-	-	-	-	(75,754)	(75,754)	300	(75,454)
At 30 September 2023 (Unaudited)	8,862	301,802	17,802	98,036	(327,847)	98,655	(1,211)	97,444

* 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.
- (iii) 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.

- (iv) 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.
- (v) 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.
- (vi) During the nine months ended 30 September 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.
- (vii) On 5 January 2023, 3 March 2023 and 17 August 2023, 16,000,000 warrant shares, 16,000,000 warrant shares and 62,000,000 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.
- (viii) 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, an aggregate of 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.

- (ix) During the nine months ended 30 September 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 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 the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in preparing the annual financial statements for the year ended 31 December 2022, except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

3. REVENUE

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
Continuing operations				
Sales of electric vehicle charging systems				
– Local customers	10,243	3,989	21,640	13,818
– Overseas customers	606	–	2,474	–
Electric vehicle charging income (previously known as "Subscription fee income")	1,694	263	3,455	552
Provision of installation service income	13,584	5,915	23,761	5,915
Maintenance fee income	291	120	619	280
	26,418	10,287	51,949	20,565

4. OTHER INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
Continuing operations				
Government subsidies (<i>Note</i>)	-	1,308	-	1,308
Subsidy from Technology Voucher Programme	-	-	255	-
Subsidy from Green Employment Scheme: Graduates Subsidy Programme 2022	-	34	22	84
Interest income	9	31	29	31
Sundry income	-	37	1	210
	9	1,410	307	1,633

Note: During the nine months ended 30 September 2023, the Group recognised wage subsidies of HK\$nil (2022: approximately HK\$1.3 million) granted from the Employment Support Scheme under Anti-Epidemic Fund of the Hong Kong Government.

5. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
Continuing operations				
Interest on borrowings	184	-	184	-
Interest on lease liabilities	114	146	365	449
	298	146	549	449

6. LOSS BEFORE TAX

This is stated after charging:

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
Continuing operations				
Staff costs (including directors' emoluments)				
- Salaries and other benefits	10,705	8,476	30,693	32,232
- Contributions to defined contribution plans	309	250	894	689
- Share-based payment expenses	7,042	178	21,223	700
	18,056	8,904	52,810	33,621
Continuing operations				
Other items:				
Auditor's remuneration	96	93	287	235
Cost of inventories	22,542	9,211	43,858	17,704
Depreciation of property, plant and equipment	1,231	747	3,130	1,576
Depreciation of right-of-use assets	728	668	2,184	2,372
Amortisation of other intangible assets	999	276	2,199	881
Exchange loss, net	11	1	9	11
Impairment loss recognised on trade receivables	87	-	87	-
Share-based payment expenses (non-employee related)	348	31	1,091	36

7. INCOME TAX CREDIT

Three months ended		Nine months ended	
30 September		30 September	
2023	2022	2023	2022
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Re-presented)		(Re-presented)

Continuing operations

Current tax – Hong Kong Profits

Tax:

Provision for the period	-	-	-	-
Deferred taxation	(75)	(38)	(112)	(112)
	(75)	(38)	(112)	(112)

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 nine months ended 30 September 2023. 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		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Loss:</i>				
Loss for the purpose of calculating basic and diluted loss per share (loss for the period attributable to owners of the Company)				
- Continuing operations	(22,095)	(9,819)	(64,011)	(44,345)
- Discontinued operations	(3,543)	(7,373)	(11,743)	(19,725)
	(25,638)	(17,192)	(75,754)	(64,070)
	'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	854,565	729,776	806,738	659,560
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Diluted loss per share for the three months and nine months ended 30 September 2023 and 2022 is the same as the basic loss per share as the share options of the Company outstanding as at 30 September 2023 and 2022 had an anti-dilutive effect on the basic loss per share.

9. DISCONTINUED OPERATIONS

On 15 August 2023, the Company entered into a sale and purchase agreement with Castle Noble International Limited as purchaser, to dispose of 100% of its equity interests in Elegance Printing Holding Limited and Elegance Printing Services Holding Limited (the "Target Companies"), wholly-owned subsidiaries of the Company, for a consideration of HK\$1.00 (the "Disposal"). The Target Companies and their subsidiaries are principally engaged in the provision of printing, typesetting and translation services in Hong Kong. The Disposal would cause the Group's entire printing business to be discontinued and condensed results of the disposal group are presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The Disposal was not yet completed up to the date of approving the Condensed Consolidated Financial Statements.

For the purpose of presenting the discontinued operations, certain comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to present the results of the disposal group as discontinued operations to conform to the current period presentation.

The results of the discontinued operations for the three months and nine months ended 30 September 2023 and 2022 are presented as below:

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	13,196	13,196	36,938	40,412
Cost of services	(10,639)	(12,366)	(30,448)	(38,758)
Gross profit	2,557	830	6,490	1,654
Other income	163	408	770	1,761
Selling expenses	(718)	(548)	(2,455)	(1,451)
Administrative and other operating expenses	(4,817)	(7,719)	(14,275)	(20,800)
Finance costs	(602)	(592)	(1,936)	(1,590)
Loss before tax	(3,417)	(7,621)	(11,406)	(20,426)
Income tax credit	-	140	-	417
Loss and total comprehensive expense for the period	(3,417)	(7,481)	(11,406)	(20,009)

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit and total comprehensive (expense)/ income for the period attributable to:				
Owners of the Company	(3,543)	(7,373)	(11,743)	(19,725)
Non-controlling interests	126	(108)	337	(284)
	(3,417)	(7,481)	(11,406)	(20,009)

The loss per share information of the discontinued operations is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss per share for the discontinued operations				
Basic and diluted	(0.41)	(1.01)	(1.46)	(2.99)

The basic and diluted loss per share for the discontinued operations are calculated by dividing the loss of the discontinued operations for the period attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted loss per share. The denominators used are the same as those detailed in note 8 to the Condensed Consolidated Financial Statements.

10. 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 88,628,000 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 nine months ended 30 September 2023 are as follows:

	Number of share options
Outstanding as at 1 January 2023	81,100,000
Granted during the period	-
Exercised during the period	(48,000)
Lapsed during the period	-
Cancelled during the period	(100,000)
<hr/>	
Outstanding as at 30 September 2023	80,952,000

Equity-settled share-based payments amounted to approximately HK\$22.3 million (2022: approximately HK\$736,000) were charged to profit or loss during the nine months ended 30 September 2023.

11. DIVIDENDS

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

12. EVENTS AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Electric Vehicle Charging Business

The EV charging business in Hong Kong has experienced remarkable growth in recent years. This expansion can be attributed to a confluence of factors, including government support, increasing environmental awareness, and the rising prices of traditional fossil fuels. The Hong Kong government has played a significant role in promoting the EV industry through the implementation of various supportive policies.

One of the most noteworthy government initiatives is the provision of subsidies for home EV charging, this EV-charging at Home Subsidy Scheme (“EHSS”) which is rolled out and backed by the Government of the Hong Kong Special Administration Region for HK\$3.5 billion in total to subsidise the installation of EV charging-enabling infrastructure in car parks of existing private residential buildings in Hong Kong, further facilitates EV owners to install EV chargers at car parks of their residences. This scheme has not only encouraged more residents to adopt EVs but has also fostered a culture of charging convenience within the confines of one’s home. Additionally, the government has been proactive in increasing the number of EV chargers available at government premises, ensuring that charging infrastructure is readily accessible to the public. Tax incentives for EVs have further incentivized consumers to transition to electric vehicles.

The impact of these policies is evident in the accelerating adoption of EVs in Hong Kong. As of August 30, 2023, the total number of registered EVs in Hong Kong has reached 65,935, representing approximately 7.1% of the total number of vehicles on the road. However, the number of charging stations is still inadequate, the ratio of publicly available EV chargers to the total number of EVs currently stands at approximately 1:9, emphasizing the need for infrastructure development.

In response to this growing demand for EV charging solutions, our group has committed substantial investments in the EV charging industry. This demonstrates our dedication to bolstering and advancing the EV charging sector to make EV charging accessible.

With a dedicated emphasis on seizing EHSS opportunities, our strategy entails proactive involvement in EHSS project bids. We have effectively become one of the major players in the EHSS market, underscoring our unwavering commitment to making a substantial contribution to this sector.

Cornerstone HOME has grown impressively, with 478 subscribers as of 30 September 2023, compared to 210 subscribers during the same period in 2022, representing a remarkable 128% growth. Cornerstone GO has witnessed even more remarkable growth, with 15,158 members as of 30 September 2023, compared to 3,145 members during the same period in 2022, marking a 382% increase. These numbers underline the growing enthusiasm for EVs and the need for accessible charging solutions in Hong Kong.

In May 2023, we launched Cornerstone BUSINESS, a new venture dedicated to seizing opportunities within the electric commercial vehicles market. Cornerstone BUSINESS offers a comprehensive ecosystem, enabling drivers to secure orders through logistics companies, rent electric commercial vehicles from us, and access our EV charging facilities along their routes.

Throughout the period, our global business investments have started to bear fruit, resulting in revenue of approximately HK\$2.5 million for the nine months ending on 30 September 2023.

As the EV industry continues to gain momentum, we remain dedicated to fostering its growth, developing the necessary infrastructure, and delivering innovative solutions to make electric vehicle charging accessible to all, contributing to a greener and more sustainable future for Hong Kong.

Printing Business

On 15 August 2023, the Company entered into an agreement to dispose of 100% equity interests in two of its subsidiaries principally engaging in the provision of printing, typesetting and translation services. (the "Disposal"). Upon completion of the Disposal, the Group will no longer have remaining business in the printing business.

Owing to the intensive peer competition in the financial printing services industry and the fluctuating market condition, the financial results of the printing business deteriorated and recorded a loss for the years ended 31 December 2021 and 2022 and the six months ended 30 June 2023. As the Group's financial printing business has been continuously loss-making for the past years together with the uncertainties

of the future of the financial market in Hong Kong, while the Group has established the electric vehicle charging business, the Directors consider that the Disposal would allow the Group to reduce losses and to deploy the Group's resources from the underperforming financial printing business to electric vehicle charging business.

OUTLOOK

In the Hong Kong market, we recognize that the number of available chargers per electric private car in the market is relatively low compared to other developed economies. This low baseline presents a significant opportunity for Cornerstone to catch up and establish a strong presence.

While we maintain our focus on expanding EV charging systems in residential car parks throughout Hong Kong, we are also actively leveraging the momentum in non-residential parking spaces. We are selectively engaging in public charging initiatives, and in the commercial sector, Cornerstone BUSINESS will evolve to cater to a wider range of commercial vehicles.

Beyond Hong Kong, we have already established a presence in regions such as Thailand, Cambodia, Indonesia, Malaysia, Australia, and Singapore. We are not limiting our horizons to these areas alone but also actively seeking opportunities in markets like Japan and Macau. We will continue to identify regions with high growth potential and establish local partnerships, thereby extending our geographical reach.

FINANCIAL REVIEW

Continuing Operations

Revenue

During the nine months ended 30 September 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 to local and overseas customers; (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.

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

	Nine months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
<u>Electric vehicle charging business</u>		
Sales of electric vehicle charging systems		
– Local customers	21,640	13,818
– Overseas customers	2,474	–
Electric vehicle charging income		
(previously known as “Subscription fee income”)	3,455	552
Provision of installation service income	23,761	5,915
Maintenance fee income	619	280
	51,949	20,565

Our revenue increased by approximately HK\$31.3 million or 151.9%, from approximately HK\$20.6 million for the nine months ended 30 September 2022 to approximately HK\$51.9 million for the Period. As illustrated in the table above, the increase in revenue was the result of significant increases from all service categories and was mainly driven by an increase in revenue from sales of electric vehicle charging systems of approximately HK\$10.3 million and provision of installation service income of approximately HK\$17.8 million. Revenue derived from each of the service categories are analysed as below:

Sales of electric vehicle charging systems

Revenue from sales of electric vehicle charging systems increased by approximately 74.6%, from approximately HK\$13.8 million for the nine months ended 30 September 2022 to approximately HK\$24.1 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 electric vehicle charging solutions to new and existing customers.

Electric vehicle charging income

Revenue from electric vehicle charging income increased significantly by approximately 483.3%, from approximately HK\$0.6 million for the nine months ended 30 September 2022 to approximately HK\$3.5 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 as well as an increase in the unit charging rate during the Period as compared to the nine months ended 30 September 2022.

Provision of installation service income

Revenue from provision of installation service income increased by approximately 303.4%, from approximately HK\$5.9 million for the nine months ended 30 September 2022 to approximately HK\$23.8 million for the Period. Such increase was primarily attributable to the increased number of projects awarded under EHSS.

Maintenance fee income

Revenue from maintenance fee income increased by approximately 121.1%, from approximately HK\$280,000 for the nine months ended 30 September 2022 to approximately HK\$619,000 for the Period. Such increase was primarily attributable to the proportionate increase in the number of electric vehicle chargers installed by the Group.

Cost of services

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

Cost of services increased by approximately 148.0%, from approximately HK\$17.7 million for the nine months ended 30 September 2022 to approximately HK\$43.9 million for the Period. Such increase was generally in line with the increase in revenue during the Period.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$8.1 million (2022: approximately HK\$2.9 million) and a gross profit margin of approximately 15.6% for the Period (2022: approximately 13.9%). The increase in gross profit margin was mainly due to an increase in higher margin sales of electric vehicle charging solutions to local and overseas customers, and substantial increase in electric vehicle charging income arising from the accelerated increase in private subscriptions and public memberships.

Other income

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

Other income decreased by approximately 81.3%, from approximately HK\$1.6 million for the nine months ended 30 September 2022 to approximately HK\$0.3 million for the Period, primarily attributable to the absence of wage subsidies of approximately HK\$1.3 million granted from the Employment Support Scheme under Anti-Epidemic Fund of the Hong Kong Government.

Administrative and other operating expenses

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

Administrative and other operating expenses increased by approximately 4.7%, from approximately HK\$47.1 million for the nine months ended 30 September 2022 to approximately HK\$49.3 million for the Period. Such increase was primarily due to an increase in staff costs resulting from the expansion of the overall electric vehicle charging business.

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\$0.7 million for the nine months ended 30 September 2022 to approximately HK\$22.3 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 projects.

Research and development expenses for the Period and the nine months ended 30 September 2022 were approximately HK\$374,000 and HK\$659,000 respectively.

Finance costs

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

Finance costs increased by approximately 22.3%, from approximately HK\$449,000 for the nine months ended 30 September 2022 to approximately HK\$549,000 for the Period, mainly attributable to the increase in interest expenses incurred on borrowings drawn under the green loan facility during the three months ended 30 September 2023.

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 nine months ended 30 September 2022, the Group recorded an income tax credit of approximately HK\$112,000 and HK\$112,000 respectively.

Loss for the period

As a result of the foregoing, the Group recorded a loss of approximately HK\$64.0 million from continuing operations for the Period (2022: approximately HK\$44.3 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 for continuing operations

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") for continuing operations by eliminating the effects of certain non-cash or non-recurring items of the Group, including (i) share-based payment expenses; (ii) depreciation of property, plant and equipment and right-of-use assets; (iii) amortisation of other intangible assets; and (iv) finance costs.

	Nine months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before tax	(64,160)	(44,457)
Adjustments:		
Share-based payment expenses	22,314	736
Depreciation of property, plant and equipment	3,130	1,576
Depreciation of right-of-use assets	2,184	2,372
Amortisation of other intangible assets	2,199	881
Impairment loss recognised on trade receivables	87	-
Reversal of impairment loss recognised on trade receivables	-	(813)
Finance costs	549	449
Exchange loss	9	11
Total	(33,688)	(39,245)

As a result of the foregoing, the Group's Adjusted LBITDA decreased by approximately 14.0%, from approximately HK\$39.2 million for the nine months ended 30 September 2022 to approximately HK\$33.7 million for the Period.

Discontinued Operations

The Group recorded a loss of approximately HK\$11.4 million from discontinued operations for the Period compared to a loss of approximately HK\$20.0 million for the nine months ended 30 September 2022, which was mainly due to an improvement in gross profit margin and a decrease in administrative and other operating expenses.

EVENTS AFTER REPORTING PERIOD

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the section headed "Major and connected transaction in relation to disposal of interests in subsidiaries" below, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies during the Period.

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.

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

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

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

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

- (i) approximately 80% for financing the production and deployment of EV chargers, EV charging infrastructure, trade projects and EHSS projects;
- (ii) approximately 10% for financing the eTaxi/eVan business expansion; and
- (iii) approximately 10% for financing the general working capital of the Group for EV charging related business.

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

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

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

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

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

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF INTERESTS IN SUBSIDIARIES

On 15 August 2023, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Castle Noble International Limited (the "Purchaser"), pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 100% equity interest in Elegance Printing Holding Limited and Elegance Printing Services Holding Limited (the "Target Companies"), at a consideration of HK\$1.00, in accordance with the terms and conditions of the Sale and Purchase Agreement (the "Disposal"). The Target Companies and their subsidiaries (the "Target Group") are principally engaged in the provision of printing, typesetting and translation services in Hong Kong. Upon completion of the Disposal, the Target Companies will cease to be the subsidiaries of the Company and the financial results of the Target Group will not be consolidated into the financial statements of the Group.

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

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Mr. Liang Zihao (“Mr. Liang”), an executive Director and a controlling shareholder of the Company. As such, the Purchaser is an associate of Mr. Liang and a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement, circular and independent shareholders’ approval requirements under the GEM Listing Rules.

Global Fortune is owned as to 51% and 49% by Mr. Wu Jianwei (“Mr. Wu”, a non-executive Director) and Mr. Liang respectively, and hence each of Mr. Liang, Mr. Wu and Global Fortune are connected persons of the Company under Chapter 20 of the GEM Listing Rules and required to abstain from voting on the relevant resolutions at the extraordinary general meeting of the Company to be held for approving the Disposal and the transactions contemplated thereunder.

Mr. Liang and Mr. Wu, as Directors, are considered to have a material interest in the Disposal, and therefore they did not participate in the Board’s deliberations on the Disposal and abstained from voting on the Board’s resolution.

As one or more than one of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules for the Sale and Purchase Agreement are more than 25% but less than 75%, the entering into of the Sale and Purchase Agreement constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement, circular and independent shareholders’ approval requirements under the GEM Listing Rules.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other shareholder of the Company has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and will be required to abstain from voting on the resolution(s) to approve the Disposal and the transactions contemplated thereunder at the EGM.

For details of the Disposal, please refer to the announcement of the Company dated 15 August 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 September 2023
The 1 st Subscription	6 March 2023	HK\$12.2 million	- 80% for electric vehicle charging business development - 10% for upgrade and acquisition of new equipment, hardware and software - 10% for general corporate purposes	Fully utilised in accordance with the intended use	Nil
The 2 nd Subscription	30 May 2023	HK\$40.1 million	- 80% for electric vehicle charging business development - 10% for upgrade and acquisition of new equipment, hardware and software - 10% for general corporate purposes	Fully utilised in accordance with the intended use	Nil

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 September 2023, the number of outstanding share options under the Share Option Scheme was 80,952,000. The number of share options exercised and cancelled during the Period was 48,000 and 100,000 respectively. No share options were granted or lapsed during the Period. For more details, please refer to note 10 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 September 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)	30.31%
	Beneficial owner	10,400,000 (Note 5)	1.17%
Mr. Liang Zihao (“Mr. Liang”)	Beneficial owner/Interest of controlled corporation	258,111,225 (Note 2)	29.12%
	Beneficial owner	10,400,000 (Note 5)	1.17%
Mr. Pan Wenyuan (“Mr. Pan”)	Interest of controlled corporation	27,096,000 (Note 3)	3.06%
	Beneficial owner	6,000,000 (Note 5)	0.68%
Mr. Li Man Keung Edwin (“Mr. Li”)	Beneficial owner/Interest of controlled corporations	113,104,613 (Note 4)	12.76%
	Beneficial owner	10,400,000 (Note 5)	1.17%
Mr. Sam Weng Wa Michael	Beneficial owner	6,440,000 (Note 5)	0.73%
Ms. Wu Yanyan	Beneficial owner	53,550,000 (Note 6)	6.04%
Mr. Yip Shiu Hong	Beneficial owner	5,997,905	0.68%
Mr. Tam Ka Hei Raymond	Beneficial owner	1,040,000 (Note 5)	0.12%
Mr. Yuen Chun Fai	Beneficial owner	1,040,000 (Note 5)	0.12%
Ms. Zhu Xiaohui	Beneficial owner	1,040,000 (Note 5)	0.12%
Mr. Ko Shu Ki Kenneth	Beneficial owner	4,312,000 (Note 7)	0.49%
Mr. Ng Sze Chun	Beneficial owner	2,998,953	0.34%

Notes:

1. 235,603,225 Shares are held by Global Fortune Global Limited ("Global Fortune") which is owned as to 51% by Mr. Wu. Mr. Wu is deemed to be interested in the Shares in which Global Fortune is interested under the SFO. Mr. Wu also directly holds 32,992,000 Shares.
2. 235,603,225 Shares are held by Global Fortune which is owned as to 49% by Mr. Liang. Mr. Liang is deemed to be interested in the Shares in which Global Fortune is interested under the SFO. Mr. Liang also directly holds 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 September 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 September 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)	26.58%
Tanner Enterprises	Beneficial owner/Interest of controlled corporation	98,392,000 (Note 2)	11.10%
Glorytwin	Beneficial owner	81,000,000 (Note 2)	9.14%
Gateway Capital (Hong Kong) Limited	Investment manager	112,038,703 (Note 3)	12.64%
Gaw Growth Equity Fund I GP Limited	Interest of controlled corporation	112,038,703 (Note 3)	12.64%
Gaw Growth Equity Fund I, LPF	Interest of controlled corporation	89,236,000 (Note 3)	10.07%
Steady Flake Limited	Beneficial owner	89,236,000 (Note 3)	10.07%

Notes:

- Global Fortune is legally and beneficially owned as to 51% and 49% by Mr. Wu and Mr. Liang respectively. Therefore, by virtue of the SFO, Mr. Wu and Mr. Liang are deemed to be interested in all the Shares held by Global Fortune.
- Glorytwin is legally and beneficially owned as to 100% by Tanner Enterprises. Therefore, by virtue of the SFO, Tanner Enterprises is deemed to be interested in all the Shares held by Glorytwin.
- 21,000,000 Shares of which represent the Shares which would be allotted and issued upon exercise in full of the warrants granted by the Company.

Save as disclosed above, as at 30 September 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

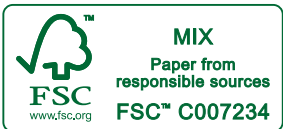
Mr. Yuen Chun Fai

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 November 2023



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