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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8391)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

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

The board (the “**Board**”) of directors (the “**Directors**”) of Cornerstone Technologies Holdings Limited (the “**Company**”) is pleased to present the audited annual financial results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2023 (the “**Year**”).

## **RESULTS HIGHLIGHTS**

### **Electric vehicle charging business**

During the Year, total revenue amounted to HK\$78.1 million, representing an increase of HK\$46.3 million or 145.6% from a total revenue of HK\$31.8 million in 2022.

During the Year, gross profit amounted to HK\$14.2 million, representing an increase of HK\$11.0 million or 343.8% from a gross profit of HK\$3.2 million in 2022. For the Year, gross profit margin was 18.2%, representing an increase of 8 percentage points from a gross profit margin of 10.2% in 2022.

During the Year, the Company has disposed 100% equity interests in two of its subsidiaries principally engaging in the provision of printing, typesetting and translation services, for a cash consideration of HK\$1. The disposal has been completed on 31 December 2023, resulting in a gain on disposal of subsidiaries of approximately HK\$28.6 million.

During the Year, Adjusted LBITDA amounted to HK\$44.1 million, representing a decrease in loss of HK\$2.4 million from an Adjusted LBITDA of HK\$46.5 million in 2022.

## **BUSINESS REVIEW**

### **Continuing Operations**

#### *Electric vehicle charging business*

2023 was a very strong year for the EV charging industry in Hong Kong as well as in countries all across Asia, as more and more consumers choose EVs over conventional cars. Automakers are also investing heavily in EV technology and offering a range of EV models to suit different needs and preferences. In 2023, EV sales hit a record high and made up more than 65% of new car sales in Hong Kong. The Hong Kong government has been supporting the industry by implementing various policies to encourage EV adoption. This has led to a surge in demand for EV charging infrastructure, which creates a large market opportunity for the industry and for Cornerstone. In order to capitalize on each opportunity, the Company has entered in a green facility agreement with Abax Asian Structured Private Credit Fund 2022, LP, securing a funding commitment of US\$20 million to facilitate the Company's expansion.

The Hong Kong Government has launched the EV-charging at Home Subsidy Scheme (EHSS) with a total budget of HK\$3.5 billion to subsidize the installation of EV charging-enabling infrastructure in car parks of existing private residential buildings in Hong Kong. This scheme enables EV owners to install EV chargers at their residential car parks. Cornerstone secured a total of nine new EHSS projects in 2023, and was among one of the major players in the EHSS market.

Cornerstone intends to further expand its Cornerstone HOME model and invest more in the infrastructure of private residential car parks, providing monthly subscription services tailored for EV owners. For the Year, Cornerstone signed exclusive EV charging projects in 37 residential car parks in Hong Kong. The total number of parking spaces under exclusivity exceeded 13,000. The total number of subscribers at the end of 2023 reached 659.

As at 31 December 2023, Cornerstone GO has a network of more than 97 parking facilities, covering 1,500 parking spaces in all 18 Districts in Hong Kong and establishing a significant market footprint. As at 31 December 2023, Cornerstone GO recorded approximately 20,000 members. Our partnership with The Link entails a gradual introduction of Cornerstone GO EV charging stations across 33 car parks. Cornerstone also expanded its public charging network by securing operational rights for EV charging from the Hong Kong Government. In December 2023, Cornerstone was officially awarded the operational rights from the Hong Kong Government for providing charging services at 27 EV charging stations, equipped with a total of 827 AC chargers. All these chargers will be integrated into the Cornerstone GO network during the first quarter of 2024. This achievement marks an important milestone for Cornerstone as the first private operator selected by the Hong Kong Government for marketing charging services of the EV charging stations.

In May 2023, recognizing the potential in the electric commercial vehicles market, we launched Cornerstone BUSINESS, a dedicated initiative targeting electric commercial vehicles (E-CVs). This endeavor is specifically designed for drivers dependent on transportation earnings. Cornerstone BUSINESS offers an inclusive ecosystem, enabling drivers to secure orders through logistics companies, rent E-CVs, and access EV charging facilities along their routes. Pioneering this niche, we have introduced our sub-brands, eC-Van and eC-Taxi, which will be available for leasing. This comprehensive solution provides drivers with an all-in-one package for their transportation needs, encompassing charging and parking services.

Our Group has also actively allocated resources to seize overseas opportunities. Our revenue from global business operations increased from HK\$19,000 for the year ended 31 December 2022 to HK\$3.6 million for the Year.

As a result of the significant increase in each of the segments of the EV charging business, our revenue more than doubled from HK\$31.8 million in 2022 to HK\$78.1 million in 2023. Our consolidated adjusted LBITDA (after excluding some non-cash or non-recurring items) dropped by 5.2%, from HK\$46.5 million in 2022 to HK\$44.1 million in 2023.

## **Discontinued Operations**

### ***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”).

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 a loss is recorded 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.

Completion of the Disposal took place on 31 December 2023. Upon completion of the Disposal, the Group will no longer have remaining business in the printing business.

## OUTLOOK

We aim to become a leading player in the EV charging industry by taking advantage of the emerging opportunities. We are committed to optimizing the various revenue-generation models that support our commercial operations.

In the residential EV charging segment, we are dedicated to enhancing convenience for our customers. We will continue to allocate resources to EV charging in residential parking areas, leveraging EHSS potential and forming strategic partnerships with property developers and Owners' Corporations in Hong Kong to expand Cornerstone HOME.

In the public charging segment, Cornerstone GO plays a key role, with our dedication to expanding the charging point network and making it the preferred platform for all EV drivers in Hong Kong. We are working to improve the platform's functionalities to provide an accessible and user-friendly experience. This enables users to easily locate, navigate, reserve, and pay for EV charging while earning loyalty credits for wider use within the EV charging ecosystem.

In the commercial segment, Cornerstone BUSINESS, will continue offering electric vans for lease. We expect to also initially pilot run and launch the leasing of electric bike, and gradually explore this business model with other commercial vehicles.

Several regions across Asia are in the early stages of developing their EV charging infrastructure due to the rapid adoption of EVs. Expecting the introduction of incentives and favorable policies, our Group is ready to allocate resources to seize these opportunities. Building on successful ventures in Cambodia, Thailand, Malaysia and Indonesia, we will also continue to explore opportunities in new markets across Asia. We see high potential in Thailand and have recently secured a local collaboration to roll out EV Charging stations in up to 2,200 gas stations across Thailand. This is a milestone achievement for Cornerstone in its overseas expansion efforts and will undoubtedly attract many more opportunities and increase our geographical coverage and capitalize on emerging opportunities.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Continuing operations</b>			
<b>Revenue</b>	3	78,132	31,827
Cost of services		<u>(63,908)</u>	<u>(28,583)</u>
Gross profit		14,224	3,244
Other income	4	553	1,812
Gain on disposal of subsidiaries/a subsidiary		28,601	—*
Administrative and other operating expenses		(68,897)	(55,899)
Share-based payment expenses		(77,606)	(77,472)
Research and development expenses		(1,012)	(1,830)
Finance costs	5	<u>(2,441)</u>	<u>(2,097)</u>
<b>Loss before tax</b>		<b>(106,578)</b>	<b>(132,242)</b>
Income tax credit	6	<u>172</u>	<u>2,266</u>
<b>Loss for the year from continuing operations</b>		<b><u>(106,406)</u></b>	<b><u>(129,976)</u></b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	7	<u>(18,014)</u>	<u>(31,211)</u>
<b>Loss and total comprehensive expense for the year</b>	8	<b><u>(124,420)</u></b>	<b><u>(161,187)</u></b>
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		(124,186)	(160,311)
Non-controlling interests		<u>(234)</u>	<u>(876)</u>
		<b><u>(124,420)</u></b>	<b><u>(161,187)</u></b>

\* Represent the amount less than HK\$1,000

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Loss and total comprehensive expense for the year attributable to owners of the Company:			
— from continuing operations		<b>(106,402)</b>	(129,972)
— from discontinued operations		<b>(17,784)</b>	(30,339)
		<u><b>(124,186)</b></u>	<u>(160,311)</u>
Loss attributable to non-controlling interests			
— from continuing operations		<b>(4)</b>	(4)
— from discontinued operations		<b>(230)</b>	(872)
		<u><b>(234)</b></u>	<u>(876)</u>
<b>From continuing and discontinued operations</b>			
<b>Loss per share attributable to owners of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	<i>10</i>	<b>(15.03)</b>	(23.64)
<b>From continuing operations</b>			
<b>Loss per share attributable to owners of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	<i>10</i>	<u><b>(12.88)</b></u>	<u>(19.17)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		45,837	27,660
Right-of-use assets		8,009	35,132
Other intangible assets		28,082	23,110
Goodwill		30,080	30,080
Deposits		5,047	3,687
Deferred tax assets		8,307	4,638
		<u>125,362</u>	<u>124,307</u>
<b>Current assets</b>			
Inventories		6,123	7,723
Contract assets		14,220	276
Trade and other receivables, prepayments and deposits	<i>11</i>	51,054	27,251
Bank balances and cash		23,381	10,522
		<u>94,778</u>	<u>45,772</u>
<b>Current liabilities</b>			
Contract liabilities		1,056	847
Trade and other payables	<i>12</i>	36,806	41,735
Bank and other borrowings	<i>13</i>	–	25,441
Lease liabilities	<i>14</i>	2,715	7,809
Amounts due to former director/directors		526	5,025
		<u>41,103</u>	<u>80,857</u>
<b>Net current assets/(liabilities)</b>		<u>53,675</u>	<u>(35,085)</u>
<b>Total assets less current liabilities</b>		<u>179,037</u>	<u>89,222</u>

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities	<i>14</i>	<b>5,340</b>	29,695
Provisions		<b>1,207</b>	2,799
Bank and other borrowings	<i>13</i>	<b>57,720</b>	–
Deferred tax liabilities		<b>9,334</b>	5,837
		<u><b>73,601</b></u>	<u>38,331</u>
<b>NET ASSETS</b>		<u><b>105,436</b></u>	<u>50,891</u>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>8,862</b>	7,370
Reserves		<b>96,582</b>	45,032
		<u><b>105,444</b></u>	<u>52,402</u>
Equity attributable to owners of the Company		<b>105,444</b>	52,402
Non-controlling interests		<b>(8)</b>	(1,511)
		<u><b>105,436</b></u>	<u>50,891</u>
<b>TOTAL EQUITY</b>		<u><b>105,436</b></u>	<u>50,891</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The Company together with its subsidiaries (hereinafter collectively referred to as the “Group”) is principally engaged in the electric vehicles charging business in Hong Kong. Upon completion of the disposal of discontinued operations, the Group no longer have remaining business in the printing business.

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

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

## Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

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

### 3. REVENUE AND SEGMENT INFORMATION

#### Segment information

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Continuing operations</b>		
<u>Electric vehicle charging business</u>		
Sales of electric vehicle charging systems	31,402	21,136
Electric vehicle charging income (previously known as “Subscription fee income”)	5,602	1,434
Provision of installation service income	39,145	8,937
Maintenance income and rental income	1,983	320
	<u>78,132</u>	<u>31,827</u>
Timing of revenue recognition		
A point in time	33,186	21,456
Over time	44,946	10,371
	<u>78,132</u>	<u>31,827</u>

Revenue from contracts with customer from discontinued operations of printing business amounted to HK\$45,729,000 (2022: HK\$48,069,000) are recognised at a point in time and HK\$Nil (2022: HK\$246,000) are recognized at over time.

(ii) Segment information

	Continuing operations	Discontinued operations	
	Electric vehicle charging business HK\$'000	Printing business HK\$'000	2023 HK\$'000
Revenue from external customers	78,132	45,729	123,861
Segment results	<u>(43,943)</u>	<u>(17,924)</u>	<u>(61,867)</u>
Unallocated expenses			(91,236)
Gain on disposal of subsidiaries			28,601
Income tax credit			82
Loss for the year			<u>(124,420)</u>
Segment assets	200,754	–	200,754
Unallocated assets			<u>19,386</u>
Total assets			<u>220,140</u>
Segment liabilities	(51,959)	–	(51,959)
Unallocated liabilities			<u>(62,745)</u>
Total liabilities			<u>(114,704)</u>
<b>Other segment information:</b>			
Additions to property, plant and equipment	25,761	3,301	29,062
Cost of services	63,908	38,933	102,841
Depreciation of property, plant and equipment	4,727	1,304	6,031
Depreciation of right-of-use assets	2,912	4,941	7,853
Amortisation of other intangible assets	3,029	–	3,029

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

\* Represent the amount less than HK\$1,000

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

### *Information about major customers*

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Customer A	–	8,366
Customer B	<b>9,500</b>	–
Customer C	<b>8,900</b>	–
	<u><b>8,900</b></u>	<u>–</u>

*Note:* All of the revenue from customer A, B and C are derived from electric vehicle charging business.

#### **4. OTHER INCOME**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Interest income	<b>189</b>	41
Government grant ( <i>Note</i> )	<b>278</b>	1,615
Exchange gain/(loss), net	<b>81</b>	(14)
Sundry income	<b>5</b>	170
	<u><b>553</b></u>	<u>1,812</u>

*Note:* During the year ended 31 December 2023, no government grants from employment support scheme is recognised to subsidise eligible employer for paying wages of employees in the subsidy period (2022: HK\$1,464,000). The Group is required to undertake and warrant that the Group will not implement redundancies during the subsidy period and spend all wages subsidies on paying wages to its employees.

#### **5. FINANCE COSTS**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Interest on bank and other borrowings	<b>1,970</b>	11
Interest on lease liabilities	<b>471</b>	586
Others	–	1,500
	<u><b>2,441</b></u>	<u>2,097</u>

## 6. INCOME TAX CREDIT

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
<b>Continuing operations</b>		
Hong Kong Profits Tax:		
Current tax	—	—
Deferred taxation credit	<u>(172)</u>	<u>(2,266)</u>
Income tax credit	<u><u>(172)</u></u>	<u><u>(2,266)</u></u>

## 7. DISCONTINUED OPERATIONS

On 15 August 2023, the Company entered into a sale and purchase agreement (the “S&P Agreement”) with Castle Noble International Limited, as purchaser, being a connected person of the Company. Castle Noble International Limited is beneficially wholly-owned by Mr. Liang Zihao, an executive Director and a controlling Shareholder of the Company, Pursuant to S&P Agreement, which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire issued share capital of two wholly-owned subsidiaries of the Company, together with their respective subsidiaries (the “Disposed Subsidiaries”) which were engaged in the Printing Business, for a cash consideration of HK\$1. The disposal has been completed on 31 December 2023. Comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operations.

The loss for the year from the discontinued operations is set out below.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	45,729	48,315
Cost of services	<u>(38,933)</u>	<u>(48,365)</u>
Gross profit/(loss)	6,796	(50)
Other income	1,116	4,604
Selling expenses	(3,375)	(2,289)
Administrative and other operating expenses	(19,980)	(32,478)
Finance costs	<u>(2,481)</u>	<u>(2,214)</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before tax	(17,924)	(32,427)
Income tax (expense)/credit	<u>(90)</u>	<u>1,216</u>
Loss and total comprehensive expense for the year	(18,014)	(31,211)
Loss for the year from discontinued operations has been arrived after charging/(crediting):		
Staff costs (including directors' emoluments)	10,185	32,232
Auditor's remuneration	315	514
Cost of inventories	38,933	48,365
Depreciation of property and equipment	1,304	4,372
Depreciation of right-of-use assets	4,941	10,036
Exchange (gain)/loss, net	(4)	5
Impairment loss recognised on trade receivables	1,978	1,464
Impairment loss recognised on property, plant and equipment	–	6,742
Impairment loss recognised on right-of-use assets	–	1,226
	<u>                    </u>	<u>                    </u>

## 8. LOSS FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Continuing operations</b>		
Loss for the year has been arrived at after charging/(crediting):		
Staff costs (including directors' emoluments)		
— Salaries and other benefits	41,752	32,282
— Contributions to defined contribution plans	1,218	1,117
— Share-based payment expenses	<u>24,913</u>	<u>10,382</u>
Total staff costs	<u>67,883</u>	<u>43,781</u>
Auditor's remuneration	535	336
Cost of inventories	63,908	28,583
Depreciation of property, plant and equipment	4,727	2,262
Depreciation of right-of-use assets	2,912	3,282
Amortisation of other intangible assets	3,029	2,130
Exchange (gain)/loss, net	(81)	14
Impairment loss recognised on trade receivables	890	290
Share-based payment expenses (non-employees related)	<u>52,693</u>	<u>67,090</u>

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting year (2022: Nil).

## 10. LOSS PER SHARE

### (a) From continuing and discontinued operations

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	<u><b>(124,186)</b></u>	<u>(160,311)</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u><b>826,368</b></u>	<u>678,114</u>

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

### (b) From continuing operations

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Loss for the year from continuing operations	<u><b>(106,402)</b></u>	<u>(129,972)</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

No diluted loss per share from continuing operations is presented for both years since the assumed exercise of the share options would result in a decrease in diluted loss per share.

**(c) From discontinued operations**

For the year end 31 December 2023, basic loss per share from discontinued operations was HK\$2.15 cents per share (2022: HK\$4.47 cents per share), which were calculated based on the loss from discontinued operations for the year of HK\$17,784,000 (2022: HK\$30,339,000) and the denominators detailed above.

**11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS**

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	20,033	10,716
31 to 60 days	808	2,418
61 to 90 days	895	1,246
Over 90 days	14,193	4,629
	<u>35,929</u>	<u>19,009</u>

**12. TRADE AND OTHER PAYABLES**

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	17,067	9,736
31 to 60 days	2,480	4,621
61 to 90 days	7,294	2,401
	<u>26,841</u>	<u>16,758</u>

### 13. BANK AND OTHER BORROWINGS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank borrowings — secured	—	25,441
Other borrowings — secured	<u>57,720</u>	<u>—</u>
	<u><u>57,720</u></u>	<u><u>25,441</u></u>
Carrying amounts of the above borrowings are repayable:		
Within one year or repayable on demand	—	25,441
Within a period of more than two years but not exceeding five years	<u>57,720</u>	<u>—</u>
	<u><u>57,720</u></u>	<u><u>25,441</u></u>

The amounts due are based on scheduled repayment dates set out in the loan agreements.

### 14. LEASE LIABILITIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Leases liabilities payable:		
Within one year	2,715	7,809
Within a period of more than one year but not more than two years	2,738	17,337
Within a period of more than two years but not more than five years	<u>2,602</u>	<u>12,358</u>
	8,055	37,504
Less: Amount due to settlement with 12 months shown under current liabilities	<u>(2,715)</u>	<u>(7,809)</u>
Amount due to settlement after 12 months shown under non-current liabilities	<u><u>5,340</u></u>	<u><u>29,695</u></u>

## 15. SHARE CAPITAL

	As at 31 December 2023		As at 31 December 2022	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each				
At the beginning of the reporting year	<b>100,000,000</b>	<b>1,000,000</b>	100,000,000	1,000,000
At the end of the reporting year	<b>100,000,000</b>	<b>1,000,000</b>	100,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At the beginning of the reporting year	<b>736,992</b>	<b>7,370</b>	607,791	6,078
Issue of shares pursuant to the share placing	(a) —	—	39,520	395
Issue of shares pursuant to the share subscription	(b) —	—	77,636	777
Issue of shares pursuant to the service contracts	(c) —	—	8,997	90
Issue of shares pursuant to share option scheme	<b>48</b>	—*	48	—*
Issue of shares pursuant to warrants agreement	(d) —	—	3,000	30
Issue of shares pursuant to share subscription	(e) <b>55,200</b>	<b>552</b>	—	—
Issue of shares pursuant to warrant agreement	(f) <b>94,000</b>	<b>940</b>	—	—
At the end of the reporting year	<b>886,240</b>	<b>8,862</b>	736,992	7,370

\* Represent the amount less than HK\$1,000

*Note:*

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

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

- (b) On 31 May 2022, an aggregate of 45,316,000 subscription shares have been 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 have been issued and allotted to the subscriber at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement.

- (c) On 31 May 2022, an aggregate of 5,997,905 and 2,998,953 emolument shares have been issued and allotted to the chief executive officer and chief operating officer of the Company respectively pursuant to the terms and conditions of the service contracts.
- (d) On 14 December 2022, an aggregate of 3,000,000 warrant shares have been issued and allotted to the subscriber at the subscription price of HK\$0.50 per subscription share pursuant to the terms and conditions of the subscription agreement of the warrants.
- (e) On 6 March 2023, an aggregate of 20,000,000 subscription shares have been issued and allotted to the subscriber at the subscription price of HK\$0.62 per subscription share pursuant to the terms and conditions of the subscription agreement. In addition, on 30 May 2023, an aggregate of 35,200,000 subscription shares have 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 subscription agreement.
- (f) On 5 January 2023, 3 March 2023 and 17 August 2023, an aggregate of 16,000,000 warrant shares, an aggregate of 16,000,000 warrant shares and an aggregate of 62,000,000 warrant shares have been issued and allotted to the subscriber at the subscription price of HK\$0.50 per subscription share pursuant to the terms and conditions of the subscription agreement of the warrants respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Continuing Operations

##### *Revenue*

During the year ended 31 December 2023 (the “**Year**”), the Company and its subsidiaries (collectively the “**Group**”) generated revenue from the electric vehicle charging business, which can be classified into (i) provision of installation service income for installation of electric vehicle charging-enabling infrastructure; (ii) sales of electric vehicle charging systems to local and oversea customers; (iii) electric vehicle charging income (previously known as “Subscription fee income”); and (iv) income from maintenance and rental income.

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

<b>Revenue</b>	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Provision of installation service income	<b>39,145</b>	8,937
Sales of electric vehicle charging systems	<b>31,402</b>	21,136
– Local customers	<b>27,784</b>	21,117
– Overseas customers	<b>3,618</b>	19
Electric vehicle charging income (previously known as “Subscription fee income”)	<b>5,602</b>	1,434
Maintenance income and rental income	<b>1,983</b>	320
Total	<b>78,132</b>	31,827

Our revenue increased by approximately HK\$46.3 million or 145.6%, from approximately HK\$31.8 million for the year ended 31 December 2022 to approximately HK\$78.1 million for the Year. 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 provision of installation service income of approximately HK\$30.2 million and sales of electric vehicle charging systems of approximately HK\$10.3 million. Revenue derived from each of the service categories are analyzed as below:

### *Provision of installation service income*

Revenue from provision of installation service income increased by approximately 339.3%, from approximately HK\$8.9 million for the year ended 31 December 2022 to approximately HK\$39.1 million for the Year. Such increase was primarily attributable to the increased number of projects awarded under EHSS. During the Year, Cornerstone was awarded nine new projects, collectively comprising a total of approximately 1,300 car parking spaces.

### *Sales of electric vehicle charging systems*

Revenue from sales of electric vehicle charging systems increased by approximately 48.8%, from approximately HK\$21.1 million for the year ended 31 December 2022 to approximately HK\$31.4 million for the Year. Such increase was mainly attributable to an increase in the number of customers and an increase in the sales orders for electric vehicle charging solutions to new and existing customers. During the Year, the major customers that the Company sold EV charging hardware and software to include but not limited to local property developers, a Chinese oil refiner and petrochemical producer, bus company and manufacturers of luxury vehicles.

### *Electric vehicle charging income (previously known as “Subscription fee income”)*

Revenue from electric vehicle charging income increased significantly by approximately 300%, from approximately HK\$1.4 million for the year ended 31 December 2022 to approximately HK\$5.6 million for the Year. Such increase was primarily attributable to an increase in the number of users under its public membership and private subscription plans during the Year as compared to the year ended 31 December 2022. During the Year, charging income generated from public memberships amounted to HK\$2.3 million and income generated from private subscriptions amounted to HK\$3.3 million.

### *Maintenance income and rental income*

Revenue from maintenance income and rental income increased by approximately 525.0%, from approximately HK\$320,000 for the year ended 31 December 2022 to approximately HK\$2.0 million for the Year. Such increase was primarily attributable to the proportionate increase in the number of electric vehicle chargers installed by the Group and the initiation of the Cornerstone BUSINESS in May 2023 which contributed EV rental income of approximately HK\$199,000 during the Year.

### *Cost of services*

Our cost of services mainly comprises cost of raw materials, electricity and overheads. Cost of services increased by approximately 123.4%, from approximately HK\$28.6 million for the year ended 31 December 2022 to approximately HK\$63.9 million for the Year. Such increase was generally in line with the increase in revenue during the Year.

### ***Gross profit and gross profit margin***

The Group recorded a gross profit of approximately HK\$14.2 million (2022: approximately HK\$3.2 million) and a gross profit margin of approximately 18.2% for the Year (2022: approximately 10.2%). 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 from approximately HK\$1.8 million for the year ended 31 December 2022 to approximately HK\$553,000 for the Year, primarily attributable to the absence of wage subsidies 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 23.3%, from approximately HK\$55.9 million for the year ended 31 December 2022 to approximately HK\$68.9 million for the Year. Such increase was primarily due to an increase in staff costs resulting from the expansion of the overall electric vehicle charging business.

### ***Gain on disposal of subsidiaries***

During the Year, the Company has disposed 100% equity interests in two of its subsidiaries principally engaging in the provision of printing, typesetting and translation services, for a cash consideration of HK\$1. The disposal has been completed on 31 December 2023, resulting in a gain on disposal of subsidiaries of approximately HK\$28.6 million.

### ***Share-based payment expenses***

Our share-based payment expenses represent equity-settled share-based payments relating to share options and warrants granted by the Company. Share-based payment expenses increased from approximately HK\$77.5 million for the year ended 31 December 2022 to approximately HK\$77.6 million for the Year. The share-based payment expenses were primarily due to issue of warrants during the Year.

### ***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 Year and the year ended 31 December 2022 were approximately HK\$1.0 million and HK\$1.8 million respectively.

### ***Finance costs***

Our finance costs mainly represent interests on borrowings and lease liabilities. Finance costs increased by approximately 14.3%, from approximately HK\$2.1 million for the year ended 31 December 2022 to approximately HK\$2.4 million for the Year, mainly attributable to the increase in interest expenses incurred on borrowings drawn under the green loan facility.

For details of the green loan facility, please refer to the paragraph headed “GREEN FACILITY AGREEMENT AND ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE” in this section.

### ***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 Year, 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 Year (2022: 16.5%). For the Year and the year ended 31 December 2022, the Group recorded an income tax credit of approximately HK\$172,000 and HK\$2.3 million respectively.

### ***Result for the Year***

As a result of the foregoing, the Group recorded a loss of approximately HK\$106.4 million from continuing operations for the Year (2022: approximately HK\$130.0 million).

### ***Non-HKFRS measures***

To supplement our consolidated financial statements, which are presented in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants, the Company also assesses the operating performance based on a measure of adjusted loss before interest, tax, depreciation and amortization (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 Year, the Group incurred some one-off expenses, which are not indicative of the operating performance of the business for the Year. Therefore, the Group arrives at an adjusted LBITDA (the “**Adjusted LBITDA**”) 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) gain on disposal of the discontinued operations; (iii) depreciation of property, plant and equipment; (iv) depreciation of right-of-use assets; (v) amortization of intangible assets (vi) finance costs; (vii) provision for impairment of trade receivables; (viii) other income and (ix) income tax credit.

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss for the year</b>	<b>(106,406)</b>	<b>(129,976)</b>
Share-based payment expenses	77,606	77,472
Gain on disposal of the discontinued operations/a subsidiary	(28,601)	—*
Depreciation of property, plant and equipment	4,727	2,262
Depreciation of right-of-use assets	2,912	3,282
Amortization of intangible assets	3,029	2,130
Finance costs	2,441	2,097
Provision for impairment of trade receivables	890	290
Other income	(553)	(1,812)
Income tax credit	(172)	(2,266)
	<hr/>	<hr/>
<b>Adjusted LBITDA</b>	<b>(44,127)</b>	<b>(46,521)</b>
	<hr/> <hr/>	<hr/> <hr/>

\* Represent the amount less than HK\$1,000.

As a result of the foregoing, the Group’s Adjusted LBITDA decreased by approximately 5.2%, from approximately HK\$46.5 million for the year ended 31 December 2022 to approximately HK\$44.1 million for the Year.

## **Discontinued Operations**

The Group recorded a loss of approximately HK\$18.0 million from discontinued operations for the Year compared to a loss of approximately HK\$31.2 million for the year ended 31 December 2022, which was mainly due to an improvement in gross profit margin and a decrease in administrative and other operating expenses.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

Bank and other borrowings and lease liabilities of the Group amounted to approximately HK\$65.8 million as at 31 December 2023 (31 December 2022: approximately HK\$62.9 million). Details of the Group's bank and other borrowings and lease liabilities are set out in notes 13 and 14 respectively.

The Group's debt to equity ratio, which is calculated based on the net debt (all borrowings, including bank and other borrowings and lease liabilities, net of cash and cash equivalents) divided by the total equity as at the year end and multiplied by 100%, was approximately 40.2% as at 31 December 2023 (31 December 2022: approximately 103.0%). The Group's current ratio, which is calculated based on the total current assets divided by the total current liabilities as at the year end, was approximately 2.3 times as at 31 December 2023 (31 December 2022: approximately 0.6 times).

The Group's gearing ratio, which is calculated based on all borrowings (including bank and other borrowings and lease liabilities) divided by the total equity as at the year end and multiplied by 100%, was approximately 62.4% as at 31 December 2023 (31 December 2022: approximately 123.7%).

The Group recorded net current assets of approximately HK\$53.7 million as at 31 December 2023 (31 December 2022: net current liabilities of approximately HK\$35.1 million). The change from net current liabilities as at 31 December 2022 to net current assets as at 31 December 2023 was primarily due to increase in trade and other receivables, prepayments and deposits coupled with decrease in borrowings under current liabilities. During the Year, the Group's operations were financed principally by revenue generated from its business operations, fund-raising activities such as subscription of shares, available cash and bank balances and borrowings. As at 31 December 2023, the Group had cash and bank balances of approximately HK\$23.4 million (31 December 2022: approximately HK\$10.5 million). The Board will continue to follow a prudent treasury policy in managing its cash and bank balances and maintain a strong and healthy liquidity to ensure that the Group is well positioned to capture any appropriate business opportunities.

### **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group did not have any significant contingent liabilities (31 December 2022: nil).

### **CAPITAL COMMITMENTS**

As at 31 December 2023, the Group did not have significant capital commitments contracted but not provided for (31 December 2022: nil).

## **CHARGE ON ASSETS**

As at 31 December 2023, property, plant and equipment, contract assets, trade and other receivables, prepayments and deposits and bank balances of the Group with aggregate carrying value of approximately HK\$134.0 million (2022: bank balances of approximately HK\$2.3 million) were pledged as security for the Group's borrowings. Besides, equity interests of certain of the Company's subsidiaries were pledged to secure the Group's green loan facilities.

## **EXCHANGE RATE EXPOSURE**

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

As at 31 December 2023 and 2022, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure from time to time and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

## **SIGNIFICANT INVESTMENTS**

During the Year, the Group did not have any significant investments (2022: nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group did not have any plans for material investments and capital assets as at 31 December 2023.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Except as disclosed in the paragraph headed "MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL" below, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the Year.

## **SUBSCRIPTION OF 20,000,000 NEW SHARES BY CONNECTED PERSON UNDER SPECIFIC MANDATE (THE "1<sup>ST</sup> SUBSCRIPTION")**

On 2 September 2022, the Company and Ms. Wu Yanyan ("**Ms. Wu**"), an executive Director, entered into a subscription agreement (the "**1<sup>st</sup> 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 1<sup>st</sup> Subscription Agreement was HK\$0.59.

The 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 35,200,000 NEW SHARES BY CONNECTED PERSONS UNDER SPECIFIC MANDATE (THE "2<sup>ND</sup> 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 "**2<sup>nd</sup> 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 2<sup>nd</sup> Subscription Agreement was HK\$2.59.

The 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 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 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 THE DISPOSAL**

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.

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 entering into of the Sale and Purchase Agreement constitutes a major and connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the GEM Listing Rules.

Completion of the Disposal took place on 31 December 2023, following which the Target Companies will cease to be subsidiaries of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

For details of the Disposal, please refer to the announcement of the Company dated 15 August 2023 and the circular of the Company dated 22 November 2023.

### **SUBSCRIPTION OF 19,516,000 NEW SHARES BY CONNECTED PERSON UNDER SPECIFIC MANDATE (THE "3<sup>RD</sup> SUBSCRIPTION")**

On 22 December 2023, the Company and Mr. Wu Jianwei ("Mr. Wu"), a non-executive Director, entered into a subscription agreement (the "3<sup>rd</sup> Subscription Agreement"), pursuant to which Mr. Wu has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, an aggregate of 19,516,000 new ordinary shares at the subscription price of HK\$0.82 per subscription share. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the 3<sup>rd</sup> Subscription Agreement was HK\$0.70. The Company intends to apply the net proceeds from the 3<sup>rd</sup> Subscription, which would amount to approximately HK\$15.7 million, to further develop the Group's electric vehicle charging business.

The 3<sup>rd</sup> Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

The subscription shares will be issued and allotted pursuant to the specific mandate approved by the independent shareholders at the Company's extraordinary general meeting held on 15 March 2024. As at the date of this announcement, completion of the 3<sup>rd</sup> Subscription does not take place.

For details of the 3<sup>rd</sup> Subscription, please refer to the announcement of the Company dated 22 December 2023 and the circular of the Company dated 26 February 2024.

## USE OF PROCEEDS

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

Fund-raising activity	Date of completion	Net proceeds raised (approximate)	Intended use of net proceeds	Actual use of net proceeds during the Year	Balance of net proceeds as at 31 December 2023
The 1 <sup>st</sup> Subscription	6 March 2023	HK\$12.2 million	<ul style="list-style-type: none"><li>– 80% for electric vehicle charging business development</li><li>– 10% for upgrade and acquisition of new equipment, hardware and software</li><li>– 10% for general corporate purposes</li></ul>	Fully utilised in accordance with the intended use	Nil
The 2 <sup>nd</sup> Subscription	30 May 2023	HK\$40.1 million	<ul style="list-style-type: none"><li>– 80% for electric vehicle charging business development</li><li>– 10% for upgrade and acquisition of new equipment, hardware and software</li><li>– 10% for general corporate purposes</li></ul>	Fully utilised in accordance with the intended use	Nil

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Yuen Chun Fai (chairman of the Audit Committee), Mr. Tam Ka Hei Raymond and Ms. Zhu Xiaohui.

The annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee. The Group’s consolidated financial statements have been audited by the Company’s auditor, D & PARTNERS CPA LIMITED (“**D & PARTNERS**”).

The Audit Committee has reviewed the Group’s audited annual results for the year ended 31 December 2023 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

## **SCOPE OF WORK OF D & PARTNERS**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, D & PARTNERS, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by D & PARTNERS in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by D & PARTNERS on the preliminary announcement.

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

During the year ended 31 December 2023, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

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 C1 to the GEM Listing Rules.

## **CODES COMPLIANCE**

The Company has complied with the code provisions of the Code for the year ended 31 December 2023.

## **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 5.46 to 5.67 of the GEM Listing Rules (the “Standard of Dealings”), as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the Standard of Dealings from 1 January 2023 and up to the date of this announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cstl.com.hk](http://www.cstl.com.hk).

The 2023 annual report will also be published on the above websites and will be dispatched to the shareholders of the Company in due course.

## APPRECIATION

The Directors would like to take this opportunity to express sincere gratitude to all shareholders for their continued support and to thank all staff members of the Group for their dedication and contribution to the Group.

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

Hong Kong, 28 March 2024

*As at the date of this announcement, the executive Directors are Mr. LIANG Zihao, Mr. LI Man Keung Edwin, Mr. SAM Weng Wa Michael, Mr. PAN Wenyuan, Ms. WU Yanyan and Mr. YIP Shiu Hong, the non-executive Director is Mr. WU Jianwei and the independent non-executive Directors are Mr. TAM Ka Hei Raymond, Mr. YUEN Chun Fai, Ms. ZHU Xiaohui and Mr. KO Shu Ki Kenneth.*

*This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) “Latest Listed Company Information” page for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at [www.cstl.com.hk](http://www.cstl.com.hk).*