CORNERSTONE
TECHNOLOGIES

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 REPORT
2020

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Content

Corporate Information

EXECUTIVE DIRECTORS
Mr. Liang Zihao *(Co-chairman of the Board and Chief Executive Officer)*
Mr. Sam Weng Wa Michael
Mr. Li Man Keung Edwin *(Note 1)*
Mr. Lau Wai Yan Lawson *(Note 1)*
Mr. Pan Wenyuan *(Note 2)*

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

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Tam Ka Hei Raymond
Mr. Yuen Chun Fai
Ms. Zhu Xiaohui

COMPLIANCE OFFICER
Mr. Liang Zihao

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

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

REMUNERATION COMMITTEE
Ms. Zhu Xiaohui *(Chairman)*
Mr. Liang Zihao
Mr. Tam Ka Hei Raymond

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

Note 1: Appointed on 24 August 2020

Note 2: Appointed on 22 March 2021

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

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Corporate Information

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STOCK CODE
8391

WEBSITE
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Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Cornerstone Technologies Holdings Limited (the "Company"), I am pleased to present to you the annual report of the Company and its subsidiaries (the "Group") for the nine months ended 31 December 2020 (the "Reporting Period").

PERFORMANCE REVIEW

For exploring sustainable business opportunities, the Group acquired electronic vehicles (EV) charging business in August 2020. The Board believes that the importance of carbon neutrality has been one of the global concerns since 2016. Banning petrol and diesel vehicles is one of the ways to achieve the carbon neutrality. As of 2020, many of the major economics have targeted to ban petrol and diesel vehicles by 2030. At the same time, the EV market has rapidly grown over the past few years. In 2020, the global sale of EV reached over 3 million. In Europe, the sale of EV significantly increased when more Europe-based EV models commercially available in 2019/2020. China has been one of the biggest EV market that the annual sale of EV has consecutively been over 1 million since 2018. In Hong Kong, the government has been actively promoting the use of EV over the past few years. In 2019/2020, the government has formulated and implemented a series of policies and measures to promote EV adoption, such as i) HK$2 billion EV-charging at Home Subsidy Scheme launched in October 2020, which is expected to subsidise installation of charging infrastructure for over 60,000 parking spaces in existing private residential buildings; and ii) allocation of HK$120 million to increase the number of medium chargers to 1,800 at government car parks by 2022.

In 2020, the Group has been confirmed as the successful tenderer of various EV charging facilities projects at public area, such as Mui Wo unmanned public car park, Heung Yuen Wai Boundary Control Point, Kwai Fong Car Park, Kennedy Car Park, and 19 Leisure and Cultural Services Department ("LCSD") venues likes sports grounds, parks, swimming pools, etc.

Due to the outbreak of the COVID-19 epidemic and the trend of paperless, the commercial printing has significantly decreased in 2020.

OUTLOOK

Nevertheless, the management strives to sustain its printing business by exploring the possibilities of providing focused and tailored-made corporate communication services with the help of data management and support of our experienced information technologies team.

For EV charging business, the management targets to capture the opportunities arising from the growing EV market and further motivated by the government policies and measures in Hong Kong.

Chairman's Statement

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our shareholders, bankers, customers and business partners for their support and trust placed in us. I would also like to thank our staff for their tremendous effort and contribution. With our competent management and professional teams, I believe the Group will succeed in achieving our future endeavours and creating significant value for our shareholders.

Yours sincerely,

Liang Zihao
Co-Chairman

Hong Kong, 31 March 2021

BUSINESS REVIEW

Electric vehicle charging business

To explore sustainable business opportunities, on 4 August 2020, the completion of the acquisition of Cornerstone EV Charging Service Limited ("Cornerstone EV" or "Cornerstone Charging CHARGING") has taken place. As a result, Cornerstone Charging CHARGING became an indirect wholly-owned subsidiary of the Company and its financial results has been consolidated with those of the Group. Cornerstone Charging CHARGING principally engaged in supplying electric vehicle ("EV") integrated charging solutions, including supply and installation of EV chargers, developing EV charging-enabling infrastructure, central management system, hub for e-payment, load management system and license plate recognition system to electric vehicles and smart parking. For more details, please refer to the announcement and circular of the Company dated 21 February 2020 and 30 June 2020, respectively.

As the EV charging business involves high and new technology, the Group focuses on research and development for the purposes of strengthening its competitiveness in the industry. As at 31 December 2020, our research and development division has 18 employees. Most of the members of the research and development division are experienced and reputable in the field of mechanical and electrical engineering. Our strong research and development team with execution capabilities and a proven track record will help to adapt the constant fast-changing technology market.

Cornerstone Charging CHARGING has a competitive market position as it is one of the major EV charging service providers in Hong Kong. Cornerstone Charging CHARGING has been approved as an authorised EV charger supplier by a reputable Japanese automobile manufacturer. This approval is considered a recognition of the quality of our EV charger.

As per Hong Kong Roadmap on Popularisation of Electric Vehicles issued by the Environmental Protection Department in mid-March 2021, the government is determined to drive Hong Kong towards the vision of "Zero Carbon Emissions • Clean Air • Smart City". To achieve carbon neutrality before 2050, the government identified key measures including, i) E-private cars, ii) E-commercial vehicles, iii) government fleet, iv) charging network, v) maintenance services, and vi) battery recycling. Among these key measures, Cornerstone Charging CHARGING has focused on providing services and solutions in the area of charging network, maintenance services and battery recycling.

For charging network, Cornerstone Charging CHARGING is one of the major service providers in supplying EV integrated charging solutions in Hong Kong.

Management Discussion and Analysis

In 2020, Cornerstone Charging CHARGING has been confirmed as the successful tenderer of various projects at public area, such as:

Cornerstone Charging CHARGING was confirmed as the successful tenderer to install 153 chargers at Kwai Fong Car Park and Kennedy Town Car Park. This is part of the HK$120 million allocated by the 2019-2020 Budget to extend the public charging network of electric vehicles at government car parks, and explore the feasibility of installing chargers in on-street parking spaces.

The 94 chargers at Kwai Fong Car Park are equipped with a load management system (LMS), which is the first car park under the Environmental Protection Department equipped with LMS with even distribution and dynamic change. LMS is an effective way to maximize the available electric supply to enable more chargers to be installed and used at the same time without increasing the electricity load.

Cornerstone Charging CHARGING has been awarded projects to build 90 charging points at 19 LCSD venues likes, sports grounds, parks, swimming pools, etc.

Cornerstone Charging CHARGING continues to reach far and wide. We have been trusted to build outdoor medium charging station for the government on Mui Wo, Lantau Island, which will be open for the public in April 2021. These chargers are not only useful for the community that resides on the island, but they can also be accessed by those visiting the island, encouraging more people to adapt to emission-free vehicles faster. In order to save space, we have creatively and successfully mounted three chargers on one pole. We also installed chargers for disabled parking spaces.

One mega charging station consisting of more than 120 electric chargers has been set up at the border. This serves as great support for the increasing population in the territory or those who need to cross over the border to work daily. This is part of the Park-and-Ride (PnR) scheme developed by the government to help reduce pollution by encouraging the public to park their cars at the border and take public transportation to cross the border.

For maintenance services and battery recycling, Cornerstone Charging CHARGING has focused on research and development so as to strengthen its competitiveness and take part in the provision of sufficient training, re-training and education opportunities to groom professionals and mechanics to support the development of EV technology and maintenance in Hong Kong.

Printing business

Our printing business is supported by our financial press centre located at Shun Tak Centre on top of Sheung Wan MTR station and our in-house printing production factory located at Workshops 1-26 on 7th Floor, Oceanic Industrial Centre, No. 2 Lee Lok Street, Hong Kong, with a usable area of approximately 32,000 sq. feets, as well as our in-house translation team in Hong Kong, which enables us to maintain timely and responsive printing and translation services to our commercial and financial printing customers.

For commercial printing services, the revenue was approximately HK$19.0 million for the Reporting Period and approximately HK$36.1 million for the year ended 31 March 2020. The decrease in revenue from commercial printing services was attributable to the decrease in revenue from printing of direct mailing material, promotional and marketing materials mainly resulted from the increasing concern on environmental protection, the popularity of digitalisation of information, the rise of online marketing, social media and globalisation.

For financial printing services, the revenue was approximately HK$20.2 million for the Reporting Period and approximately HK$25.0 million for the year ended 31 March 2020. The decrease in revenue from financial printing services was attributable to the decrease in revenue from printing of financial reporting documents, compliance documents, initial public offerings ("IPO") prospectuses and application forms, which were mainly attributable to the decrease in the number of customers, decrease in the number of corporate transactions of our customers and decrease in the number of engagement of IPO projects.

OUTLOOK

For EV charging business, the Group plans to grasp the opportunity in this global trend and become one of the major market participants in Hong Kong to achieve the vision of "Zero Carbon Emissions • Clean Air • Smart City", in the next few years.

For printing business, the Group strives to sustain by exploring the possibilities of providing focused and tailored-made corporate communication services with the help of data management and support of experienced information technologies team.

FINANCIAL REVIEW

Revenue

We generate revenue from the provision of printing services in Hong Kong which are classified into (i) commercial printing services; (ii) financial printing services; and (iii) others services. Commercial printing services refers to printing services for our customers' needs of commercial paper printing products and the book publisher's needs of textbooks and leisure reading materials (such as novels, essays and articles). Financial printing services range from designing the cover, layout and artwork of the document, typesetting, translation, uploading, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and listed companies on the Stock Exchange pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") or the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules"). Others services primarily comprise standalone ad hoc design and/or translation work ordered by corporate customers (which is not related to listing matters) on a case-by-case basis. Revenue is also generated from electric vehicle charging business, which can be classified into (i) sales of electric vehicle charging system to customers directly; and (ii) subscription fee income for rental of electric vehicle charger at public and private carparks.

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

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
Commercial printing services	**19,008**	36,096
Financial printing services	**20,199**	24,987
Other services	**1,131**	3,195
Printing business	**40,338**	64,278
Sales of electric vehicle charging systems	**523**	—
Subscription fee income	**48**	—
Electric vehicle charging business	**571**	—
Total	**40,909**	64,278

Our revenue was approximately HK$40.9 million for the nine months ended 31 December 2020 and approximately HK$64.3 million for the year ended 31 March 2020.

Commercial printing

For commercial printing services, the revenue was approximately HK$19.0 million for the nine months ended 31 December 2020 and approximately HK$36.1 million for the year ended 31 March 2020. The decrease in revenue from commercial printing services was mainly attributable to the decrease in revenue from printing of direct mailing material, promotional and marketing materials mainly resulted from the increasing in concern on environmental protection, the popularity of digitalisation of information, the rise of online marketing, social media and globalisation and the impact caused by the outbreak of COVID-19 during the nine months ended 31 December 2020.

Financial printing

For financial printing services, the revenue from financial printing services was approximately HK$20.2 million for the nine months ended 31 December 2020 and approximately HK$25.0 million for the year ended 31 March 2020.

The decrease in revenue from financial printing services was mainly attributable to the decrease in revenue from printing of financial reporting documents, compliance documents, IPO prospectuses and application forms, which were mainly attributable to the decrease in the number of customers, decrease in the number of corporate transactions of our customers and decrease in the number of engagement of IPO projects.

Other services

Revenue from other services was approximately HK$1.1 million for the nine months ended 31 December 2020 and approximately HK$3.2 million for the year ended 31 March 2020, resulting from the decrease of income from ad hoc design and artwork services.

Electric vehicle charging business

(i) Sales of electric vehicle charging systems

The Group recorded a revenue of approximately HK$0.5 million for the nine months ended 31 December 2020 (for the year ended 31 March 2020: nil) from sales of electric vehicle charging systems.

(ii) Subscription fee income

The Group recorded a revenue of approximately HK$48,000 for the nine months ended 31 December 2020 (for the year ended 31 March 2020: nil) from subscription fee income for rental of electric vehicle charger.

Cost of services

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

Our cost of services incurred in printing services was approximately HK$32.4 million for the nine months ended 31 December 2020 and approximately HK$54.9 million for the year ended 31 March 2020. It was mainly attributable to the decrease in labour cost and printing materials. For the nine months ended 31 December 2020, the decrease in labour cost was mainly due to the decrease in salary of labour and the decrease in employment of temporary staff. The decrease in printing materials was mainly due to decrease of paper cost as related to drop of order demand.

The cost of services incurred in electric vehicle charging business was approximately HK$0.5 million.

Gross profit and gross profit margin

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

	For the nine months ended 31 December 2020		
	Printing business	**Electric vehicle charging business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue	**40,338**	**571**	**40,909**
Cost of services	**(32,408)**	**(472)**	**(32,880)**
Gross profit	**7,930**	**99**	**8,029**
Gross profit margin	**19.7%**	**17.3%**	**19.6%**

	For the year ended 31 March 2020		
	Printing business	Electric vehicle charging business	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	64,278	—	64,278
Cost of services	(54,929)	—	(54,929)
Gross profit	9,349	—	9,349
Gross profit margin	14.5%	—	14.5%

For the nine months ended 31 December 2020, our gross profit was approximately HK$8.0 million and approximately HK$9.3 million for the year ended 31 March 2020. Our gross profit margin increased from approximately 14.5% for the year ended 31 March 2020 to approximately 19.6% for the nine months ended 31 December 2020 primarily because of the decrease in employment of temporary staff and subcontracting costs during the nine months ended 31 December 2020.

Other income

Other income was approximately HK$6.7 million for the nine months ended 31 December 2020 and approximately HK$2.0 million for the year ended 31 March 2020. During the current period, the Group recognised government grant of approximately HK$5.2 million in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region.

Selling expenses

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

Selling expenses was approximately HK$2.2 million for the nine months ended 31 December 2020 and approximately HK$3.7 million for the year ended 31 March 2020. Selling expenses mainly included the Group's sales staff salary and commission and are in line with the revenue of the current period.

Research and development expenses

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

The research and development expense were approximately HK$1.5 million for the nine months ended 31 December 2020 and nil for the year ended 31 March 2020 recognised as an expenses. It mainly represented those costs incurred for the internal projects that were currently under the research and initial development stage and should not be capitalised as assets.

During the nine months ended 31 December 2020, the management assessed the costs incurred for the internal projects that were currently under development stage. As at 31 December 2020, approximately HK$2.6 million (31 March 2020: nil) was capitalized as assets.

Administrative and other operating expenses

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

Administrative expenses and other operating expenses were approximately HK$41.9 million for the nine months ended 31 December 2020 and approximately HK$24.1 million for the year ended 31 March 2020. It included approximately HK$8.2 million impairment loss on property, plant and equipment and right-of-use assets (for the year ended 31 March 2020: nil) and professional fees arising from acquisition of a subsidiary and the costs incurred in the relocation of factory in April 2020.

Finance costs

Our finance costs mainly represent interests on bank borrowings, promissory note and lease liabilities. Our finance costs were approximately HK$1.1 million for the nine months ended 31 December 2020 and approximately HK$0.9 million for the year ended 31 March 2020, including the interest expenses on lease liabilities of the newly acquired subsidiaries during the current period.

Income tax expenses

Our Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

No provision has been made for income tax in the British Virgin Islands (the "BVI") as our Group had no income subject to tax in the BVI for the nine months ended 31 December 2020 and for the year ended 31 March 2020.

For the nine months ended 31 December 2020, the assessable profits of one of the Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) is subject to the two tiered profits tax rates regime that the first HK$2.0 million of assessable profits will be taxed at 8.25% and assessable profits above HK$2.0 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 nine months ended 31 December 2020 (Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2020).

For the nine months ended 31 December 2020 and the year ended 31 March 2020, we recorded income tax credit of approximately HK$1.6 million and approximately HK$1.0 million respectively.

Loss and total comprehensive expense for the period/year

We recorded a loss and total comprehensive loss of approximately HK$30.5 million for the nine months ended 31 December 2020 (for the year ended 31 March 2020: approximately HK$16.3 million).

The loss-making position for the nine months ended 31 December 2020 was mainly attributable to (1) the reduction in the orders from customers for printing services resulting from the increasing concern on environment protection, the popularity of digitalization of information, the rise of online marketing, social media and globalization; (2) the decrease in revenue due to the unfavorable economic environment and the extreme market and operating conditions caused by the outbreak of novel coronavirus pandemic during 2020; (3) the incurrence of additional administrative and other operating expenses due to factory relocation in April 2020; (4) the additional cost incurred in the newly acquired electric vehicle charging solution and system services business since August 2020; and (5) the HK$8.2 million impairment loss of the Group's assets as of 31 December 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2020, total borrowings, promissory note and lease liabilities of the Group amounted to approximately HK$36.1 million (31 March 2020: approximately HK$35.9 million). As at 31 December 2020, cash and bank balances of the Group amounted to approximately HK$33.2 million (31 March 2020: approximately HK$48.8 million). Details on the average interest rate and maturity profile of the Group's total borrowings, including bank borrowings, promissory note and lease liabilities, are set out in the notes 23, 27 and 24 respectively to the consolidated financial statements.

As at 31 December 2020, the debt to equity ratio of the Group was 4.6% (31 March 2020: nil). Debt to equity ratio is calculated by the net debt (all borrowings, including bank borrowings, promissory note and lease liabilities, net of cash and cash equivalents) divided by the total equity as at period/year end multiplied by 100%. Current ratio as at 31 December 2020 was approximately 1.0 times (31 March 2020: approximately 3.1 times).

As at 31 December 2020, the gearing ratio of the Group was 56.9% (31 March 2020: 47.8%). The significant increase was due to the decrease in total equity. Gearing ratio is calculated based on all borrowings (including bank borrowings, promissory note and lease liabilities) divided by total equity as at the end of the financial year.

The Group maintained sufficient working capital as at 31 December 2020 with cash and bank balances of approximately HK$33.2 million (31 March 2020: approximately HK$48.8 million). The Board will continue to follow a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well positioned to capture any appropriate business opportunities.

As at 31 December 2020, the Group's net current assets amounted to approximately HK$2.0 million (31 March 2020: approximately HK$46.1 million). There were receipts in advance of approximately HK$19.9 million in respect of placing of 49,625,000 new ordinary shares from the placees as at 31 December 2020. The placing of the new shares was completed on 4 January 2021. The Group's operations are financed principally by revenue generated from its business operation, available cash and bank balances as well as bank borrowings.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any significant contingent liabilities (31 March 2020: nil).

CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have significant capital commitments contracted but not provided for (31 March 2020: nil).

PLEDGE OF ASSETS

As at 31 December 2020, none of the Group's financial assets was pledged (31 March 2020: nil). The bank borrowings are drawn under banking facilities. The banking facilities are secured and guaranteed by personal guarantee of a director. For details, please refer to note 23 to the consolidated financial statements.

EXCHANGE RATE EXPOSURE

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

As at 31 December 2020 and 31 March 2020, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure from time to time and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

SIGNIFICANT INVESTMENTS HELD

During the nine months ended 31 December 2020, the Group did not have any significant investments (for the year ended 31 March 2020: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the date of this report, the Group did not have any other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Saved for the transactions stated in the notes 31 to the consolidated financial statement, during the nine months ended 31 December 2020, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

PRINCIPAL RISKS AND UNCERTAINTIES

Our Group faces several risk and uncertainty factors that may affect the operating results and business prospects. There may be other risks and uncertainties in addition to those listed below, which are not known to the Group or which may not be material now but could turn out to be material in the future.

— The state of economic, political and legal environment in Hong Kong may adversely affect our business, performance and financial condition;

— We face intense competition in the printing industry and we may not be successful in competing against our competitors;

— Digitalisation of information reduces the demand for printed materials which in turn may reduce the printing orders from our customers. As a result, our business and financial performance may be affected;

— Changes in customers' preferences or spending patterns may materially and adversely affect our business;

— Our business is susceptible to fluctuations of purchase costs for raw materials, i.e. paper, printing plates and printing ink and such fluctuations may materially and adversely affect our profitability and results of operations. We do not have long-term contracts with our suppliers and we may encounter interruptions in the supply of raw materials.

Apart from the risks stated above, we also face certain financial risks, details of which are stated in the note 34 to the consolidated financial statement.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The Group will endeavor to achieve the following business objectives as disclosed in the section headed "Future Plan and Use of Proceeds" in the prospectus of the Company dated 30 April 2018 (the "Prospectus"):

Business Strategies as stated in the Prospectus of the Company	Implementation plans	Actual business progress up to the date of this report
Continue organic growth by solidifying existing customer relationship and developing new relationship; and continue to attract and retain top talent in the industry	• recruit experienced sales staff • enhance and strengthen marketing activities • recruit operation staff to support the growth of business	• hired some sales staff and operation staff
Acquire a permanent office space for financial printing services for our business expansion	• explore suitable premises	• changed (see section "USE OF PROCEEDS" for details)
Upgrade and acquire new equipment, hardware and software for financial printing services	• acquire new software and hardware • conduct training for staff • upgrade IT server	• leased a range of machineries under finance lease and purchased some office equipment and software

USE OF PROCEEDS

The net proceeds (the "Net Proceeds") from the initial public offering of the Company in May 2018 amounted to approximately HK$41.0 million (after deducting underwriting commissions and related expenses).

As set out in the announcement of the Group dated 31 July 2020, the Board resolved to reallocate (the "Reallocation") the amount of Net Proceeds which were unutilised (the "Unutilised Net Proceeds"). The intended allocation of the Net Proceeds in accordance with the Prospectus (the "Intended Use of Net Proceeds"), the reallocated use of the Net Proceeds and the actual usage of the Net Proceeds up to 31 December 2020 and the Unutilised Net Proceeds as at 31 December 2020 are set out below:

	Intended Use of Net Proceeds — original allocation	Revised Use of Net Proceeds — after Reallocation	Utilisation up to 31 December 2020	Amount of unutilised Net Proceeds as at 31 December 2020	Expected time of full utilisation of the remaining balance
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Continue organic growth by solidifying existing customer relationship and developing new relationship; and continue to attract and retain top talent in the industry	1,500	3,180	2,616	564	End of 2022 *(Note 1)*
Acquire a permanent office space	37,000	—	n/a	n/a	*(Note 2)*
Upgrade and acquire new equipment, hardware and software	2,500	2,500	1,670	830	End of 2022 *(Note 3)*
Explore new sustainable business opportunities	—	20,000	15,000	5,000	End of 2021 *(Note 4)*
Working capital and general corporate purposes	—	15,320	15,320	—	End of 2022
Total	41,000	41,000	34,606	6,394	

Notes:

1. The original allocation of approximately HK$1.5 million has been fully utilised on or before 31 December 2020, i.e. the scheduled timeline disclosed in the section headed "Future Plans and Use of Proceeds — Implementation Plans" in the Prospectus.

2. As disclosed in the announcement of the Group dated 31 July 2020, the Board resolved to change the original use of Net Proceeds and reallocate approximately HK$37.0 million out of the Net Proceeds original earmarked for the Group's acquisition of a permanent office space, as to HK$1.7 million of it to finance the Group's continue organic growth by solidifying existing customer relationship and developing new relationship, HK$20.0 million of it to finance the Group's exploring new sustainable business opportunities, and the remaining HK$15.3 million of it as working capital and general corporate purposes for the Group.

3. The actual use of the original allocation of approximately HK$2.5 million has not been fully utilised on or before 31 December 2020 because the workload did not increase as expected during the nine months ended 31 December 2020 and the year ended 31 March 2020. Nevertheless, the management only decided to prolong the timeline of the same allocated amount up to the end of 2022 taking account of the importance of improving operation efficiency in the long run.

4. Part of the reallocated amount of HK$15.0 million was utilised to settle the cash consideration of the acquisition of EV charging business in August 2020. The promissory note was subsequently fully redeemed on 24 March 2021.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Liang Zihao（梁子豪）("Mr. Liang"), aged 39, obtained his bachelor of business administration, marketing from the University of Regina, Canada in 2007. Mr. Liang has been the chairman of 廣州市番禺區邦騰化工有限公司 (transliterated in English as Guangzhou Panyu District Bangteng Chemical Industry Limited*), a company that is principally engaged in the production of industrial unsaturated resin, paints and powder coating since 2007. Mr. Liang has also been the chairman of 廣州番禺區宏豪投資有限公司 (transliterated in English as Guangzhou Panyu District Honghao Investment Limited*), a company that is principally engaged in the provision of investment consultancy service and property management since 2018. Mr. Liang is primarily responsible for carrying out executive functions including day-to-day business and operations management of the Group.

Mr. Sam Weng Wa Michael ("Mr. Sam Weng Wa"), aged 29, obtained his bachelor of science in business and management studies from University of Bradford in 2016. Mr. Sam Weng Wa has been the assistant manager of Champion Management Pte Ltd, a company that is principally engaged in hotel management from March 2017 to April 2018. Mr. Sam Weng Wa has also been the assistant director of Chang He Holdings Pte Ltd, a company that is principally engaged in property management in Singapore, where he is mainly responsible for sourcing new investment opportunities and managing properties since April 2018. Mr. Sam Weng Wa is primarily responsible for overseeing fundraising planning and investors relations in Singapore.

Mr. Li Man Keung Edwin（李民強）("Mr. Li"), aged 53, was appointed as an executive Director of our Company on 24 August 2020. Mr. Li obtained his diploma of Mechanical Engineering Technician – Drafting Design and diploma of Electro-Mechanical Engineering Technician from Humber College Institute of Technology and Advanced Learning in Canada in 1990 and 1991, respectively. Since 1991, he has been a director of Kwoon Kwen Metal Ware Company Limited, a company incorporated in Hong Kong, which is principally engaged in manufacturing of small metal parts, power tools and machinery parts. He has also been a director of Kwoon Kwen Ying Enterprises Limited since 1994, a company incorporated in Hong Kong, which is principally engaged in the business of property development. Mr. Li is primarily responsible for formulating the investment strategies in the electric vehicle business and overseeing fund raising planning and investors relations in Hong Kong.

Mr. Lau Wai Yan Lawson（劉偉恩）("Mr. Lau"), aged 43, was appointed as an executive Director of our Company on 24 August 2020. Mr. Lau obtained a bachelor of business (double major in marketing and electronic commerce) at the Edith Cowan University in Perth, Western Australia in 2002. He is currently one of the committee members of Hong Kong E-Vehicles Business General Association. Since 2018, he has been the director of Cornerstone Renewable Energy Limited, a company incorporated in Hong Kong, which is an environmental service provider principally engaged in (i) providing advanced recycling machines and solar panels; and (ii) supplying topnotch recycling and renewable energy solutions for the industry and stakeholders in the Hong Kong market. Mr. Lau is primarily responsible for the development of intelligence electric vehicle charging service with multiple payment systems in major car parks.

Mr. Pan Wenyuan ("Mr. Pan"), aged 37, obtained his diploma in travel, tourism and hospitality management from Windsor Management College in Singapore in 2020. He has been a director of Hao Yuan Wei Holdings Private Ltd. since 2020, a company incorporated in Singapore, which is principally engaged in the business of investment holding in Singapore. He has been responsible for deal origination, structuring, execution and portfolio management. He was previously a director of YS Development Pte. Ltd., a company incorporated in Singapore, which was principally engaged in real estate investment. His main responsibilities in YS Development Pte. Ltd. were investment advisory, project development and business sourcing. On 2 July 2017, YS Development Pte. Ltd. was struck-off and dissolved due to cessation of business. Mr. Pan is primarily responsible for development of EV charging business in South East Asia.

NON-EXECUTIVE DIRECTOR

Mr. Wu Jianwei（吳健威）("Mr. Wu"), aged 39, obtained a diploma in information technology from the Temasek Polytechnic (Singapore). Mr. Wu has extensive experience in investing and managing companies. He is currently the chief executive officer of Chang Yuan Investments Pte Ltd, Chang He Holdings Pte Ltd and Champion Management Pte Ltd in Singapore. His business encompasses property investment, asset management, business restructuring, hotel management and electric vehicles. He is mainly responsible for overseeing his business's performance and management and directing the formulation of business development strategies. From 2012 to 2015, under his management and leadership, his business has acquired the property investment portfolio aggregately valued over approximately SG$150.0 million at the respective purchase dates including (i) commercial offices located at Marine Parade and Paya Lebar; (ii) hotels located at Joo Chiat and North Canal; and (iii) retail, food and beverage units at Katong in Singapore. Mr. Wu is primarily responsible for providing overall leadership in the strategic development of the Group and overseeing the management of the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Ka Hei Raymond（譚家熙）("Mr. Tam"), aged 40, obtained his bachelor of arts degree in Accounting and Finance with Computing from University of Kent, the United Kingdom in July 2002. Mr. Tam has over 12 years of experience in corporate finance. He is currently a director of the corporate finance department at Yu Ming Investment Management Limited, a wholly-owned subsidiary of Da Yu Financial Holdings Limited (which is listed on the Main Board of the Stock Exchange) (Stock code: 1073) and a licensed holder to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Mr. Tam has also been appointed as an independent non-executive director of TIL Enviro Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1790) since 4 October 2018 and an independent non-executive director of Grand Power Logistics Group Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8489) since 11 December 2020.

Mr. Yuen Chun Fai（阮駿暉）("Mr. Yuen"), aged 42, obtained his bachelor of science in accounting and finance from The London School of Economics and Political Science in 2002. Mr. Yuen is a fellow of the Association of Chartered Certified Accountants and also a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He has over 16 years' experiences in the field of financial reporting, financial management and audit in Hong Kong, China, Malaysia and Singapore. Mr. Yuen is currently the company secretary and compliance officer of Edvance International Holdings Limited (Stock Code: 1410), a company whose shares are listed on the main board of the Stock Exchange. Mr. Yuen was an executive director, the company secretary and the compliance officer of WLS Holdings Limited (Stock Code: 8021), a company whose shares are listed on the GEM of the Stock Exchange from August 2015 to August 2020.

Ms. Zhu Xiaohui（朱曉蕙）("Ms. Zhu"), aged 26, obtained her bachelor in chemistry and business studies from the University of Warwick in 2016. She worked in a raw material planning and supply chain management role at SABIC Innovative Plastics (China) Co., Ltd from 2017 to 2018. Since 2018, Ms. Zhu works in a product supply management position in Infinitus (China) Company Limited.

SENIOR MANAGEMENT

Mr. Ng Ka Ki（吳家祺）("Mr. Ng"), aged 39, is currently the chief operating officer of our Group. Mr. Ng is primarily responsible for maintaining the effectiveness and efficiency of the Group's overall business activities and implementing of the Group's strategic business plan. Mr. Ng obtained his bachelor of business administration degree in Accountancy from the City University of Hong Kong in November 2004 and he has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 2009. He has more than 16 years of experience in accounting and finance, and operational compliance. Prior to joining the Group, he was the company secretary and financial controller of VBG International Holdings Limited (stock code: 8365), a company listed on GEM, from September 2013 to March 2018 and October 2014 to June 2019, respectively. From August 2010 to October 2014, he was the finance manager and company secretary of Jayden Resources Inc., a company listed on the TSX Venture Exchange in Canada (stock code: JDN).

Mr. Wong Kin Pong（黃建邦）("Mr. Wong"), aged 62, is currently the senior operation director of our Group. Mr. Wong is primarily responsible for supervising the operations, sales and quality control of printing matters of our Group. Mr. Wong has over 38 years of experience in the printing industry in Hong Kong. He joined Mr. So Wing Keung's printing business, "Elegance Printing Co.", in March 1983, primarily responsible for printing operation. He joined our Group since incorporation, and was engaged for the positions of sales manager and senior operation director. Mr. Wong is also a director of Elegance Printing Company Limited since September 1992, a director of Elegance Finance Printing Services Limited since February 1995, a director of Teamco Translation Limited since April 1998 and director of Elegance Document Solutions Limited since December 2001. Mr. Wong was awarded a Craft Certificate in Graphic Reproduction (Apprentices) by the Vocational Training Council on 31 July 1980.

Ms. Chan Tsz Wan（陳子韻）("Ms. Chan"), aged 49, is currently the senior account director of our Company. Ms. Chan is primarily responsible for supervising sales and marketing in our Group. Ms. Chan has over 25 years of experience in the printing industry. In July 1995, she joined our Group as our sales executive until September 2006. In February 2007, she re-joined our Group as our senior account director. Ms. Chan received a higher diploma certificate in public and social administration from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) in December 1994, and obtained a bachelor of arts degree in public administration and management from De Montfort University through part-time mode in June 1997.

Mr. Chui Wing Hon（徐永漢）("Mr. Chui"), aged 38, is currently the financial controller of our Group. He is primarily responsible for overseeing the Group's accounting operation and financial management. Mr. Chui has over 15 years of experience in finance and accounting. Mr. Chui joined Deloitte Touche Tohmatsu from August 2005 to January 2012. Mr. Chui then joined Li Tong Group, an electronic recycling company in Hong Kong, from February 2012 to May 2016 as a financial controller. Subsequently in May 2016, Mr. Chui joined SeSe Global Hong Kong Co. Ltd., a service provider of wedding photography, as the chief financial officer. He then served as the chief financial officer and company secretary of Lichen China Limited from January 2017 to November 2020 and as the non-execute director from November 2020 to February 2021. Mr. Chui obtained his bachelor's degree of business administration in accountancy in November 2005 from City University of Hong Kong. Since February 2010, Mr. Chui has become a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chung Wai Tjong（鍾偉聰）("Mr. Chung"), aged 50, is currently the business development manager of our Group since April 2018. He is primarily responsible for the continuous development of EV charging technology. Mr. Chung has over 13 years of experience in EV charging industry. He is a prominent expert in local EV charging industry to offer advanced EV charging products and holistic product solutions to EV industry. Mr. Chung involved and assisted in, including but not limited to lining up Government officials and industrial stakeholders, boosting the business of the entire EV charging industry, building industry leadership and the reputation of a statutory body by proven industrial products. Mr. Chung is experienced and has advised in abundant R&D activities in EV charging system which were requested by the Government and various blue chips utility, transportation, and telecommunication companies in Hong Kong. Mr. Chung joined Mazda Motors Company (Hong Kong) Ltd., a motor service and auto trading company from July 1993 to June 1994, as a Service Advisor. Mr. Chung then joined Yiu Lian Engineering & Heavy Industry Ltd., a structural steelwork contractor in Hong Kong, from May 1994 to February 1997, as a Senior Project Engineer. Subsequently in September 1998, Mr. Chung joined SGS (HK) Ltd., an international testing and certification body, as a Senior Certification Officer. He then served as the Senior Consultant of Hong Kong Productivity Council from March 2007 to July 2017. Mr. Chung obtained his Master's degree of Engineering Business Management in September 1998 from University of Warwick (UK).

Mr. Ho Wai Fung (何偉峰) ("Mr. Ho"), aged 39, is currently the electronic engineering manager of our Group. He is primarily responsible for the firmware and electronic circuit design of R&D projects. He has over 15 years of experience in hardware and software design and implementation. Mr. Ho worked in a statutory body and was responsible for development in model-based software design, building software in loop (SIL), processor in loop (PIL), hardware in loop (HIL) testing environment and study EV related standards. Mr. Ho joined Masterclass International (Far East) Limited from July 2003 to February 2007 as an Engineer. Mr. Ho worked in Autotoll Limited from October 2007 to June 2009 as an engineer assist in, including but not limited to, development in software design and implementation, sensor application and compensation, on-board testing and project management, Mr. Ho was also employed by Automotive Parts and Accessory Systems R&D Centre from July 2009 to September 2014 as an engineer, Mr. Ho then joined ILIFE Innovation Limited from September 2014 to January 2016 as an Senior Software Engineer. Mr. Ho obtained his bachelor's degree of Computer Engineering in July 2003 from The University of Hong Kong.

Mr. Wu Chi Keung (胡梓強), aged 58, is currently the senior R&D manager. He is primarily responsible for new product design and development. He has over 20 years of experience in mechanical engineering, in relation to new product design and development and computer aided engineering (CAE) analysis. He is also involved in project planning, coordination with tool makers and vendors, set-up and maintaining computer aided design (CAD) system, resin selection and recommendation and material consolidation. He worked in Philips Domestic Appliance Asia Pacific, HK during January 1999 to February 2003 as a project manager for rice cookers, electric fans, dehumidifiers and water purifiers. He was also the chief mechanical engineer responsible for product design and development of coffee maker, rice cookers and hot pot cookers in Philips Domestic Appliance Asia Pacific, HK during January 1997 to December 1998. He was later employed by the engineering plastic section of DuPont China Limited as a technical service manager for Hong Kong, Taiwan and South China region during July 2003 to January 2016 with key focuses on plastic parts and gear design support, human resources management and development of technical service team. He was also the Technical Program Manager in DuPont China Limited during January 2014 to January 2016 for handheld devices development of key global customers. He obtained his Master of Science Degree in Engineering Business Management from the University of Warwick, UK & the HK Polytechnic University in 2001.

Mr. Lee Chi Kwong (李志光) ("Mr. Lee"), aged 39, is currently the system development manager of our Group. He is primarily responsible for the system development projects, Mr. Lee has over 14 years of experience in system development. He has engaged in several system development projects, including but not limited to (1) upgrading MK 1 octopus payment in various reputable companies in Hong Kong in 2016; (2) octopus payment and contactless payment in smart vending system in 2017; (3) octopus payment, WeChat pay and Alipay in smart vending system in 2018. Mr. Lee joined Enterprise Consulting Limited from September 2018 to June 2010 as Technical Consultant. Mr. Lee then joined ICO Limited from July 2010 to May 2011 as Analyst Programmer. Subsequently in May 2011, Mr. Lee joined EDPS Systems Limited as System Analyst. He then served as Project Manager of Clever Motion Technology Limited from June 2013 to June 2019 for developing various self-kiosk systems, including electric vehicle charging System. Mr. Lee obtained his master's degree of Software Technology in September 2020 from The Hong Kong Polytechnic University.

Mr. Yip Siu Chung（葉紹聰）("Mr. Yip"), aged 47, is currently the electronic engineering manager of our Group. He is primarily responsible for the development of EV charger. Mr. Yip has over 18 years of experience in electronics industry. Mr. Yip joined Johnson Electric in 2002 as senior R&D electronic engineer. Mr. Yip served various positions in Johnson Electric until Jan 2016. Mr. Yip's final position was assistant engineering manager. Mr. Yip then joined Computime Limited as Engineering Manager focusing on motorized product development from April 2016 to August 2017. Subsequently in September 2017, Mr. Yip joined Artesyn Embedded Technologies, a market leader in the field of embedded power solution, as the design team manager until February 2020.

Mr. Yip obtained his bachelor's degree in 1997 and PhD of Power Electronics in 2002. Both degrees were awarded by City University of Hong Kong.

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson（朱沛祺）("Mr. Chu"), aged 36, obtained a bachelor's degree of business administration in accounting from the Hong Kong Baptist University in Hong Kong in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011. Mr. Chu has over 10 years of relevant experience in accounting and auditing and has experience in tax, internal control matters and holding the positions of company secretary and authorised representative in other companies listed on the Stock Exchange. He has been appointed as the company secretary of SG Group Holdings Limited (Stock Code: 01657) since 1 March 2019, a company formerly listed on the GEM of the Stock Exchange and transferred to the main board of the Stock Exchange on 20 March 2020, and the company secretary and financial controller of Top Standard Corporation (Stock Code: 08510), a company listed on GEM of the Stock Exchange since 22 June 2017 and 21 August 2017 respectively.

CORPORATE GOVERNANCE PRACTICES

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 23 July 2020, following the approval of the proposed amendments to the articles of association of the Company by the shareholders at the EGM, the redesignation and appointment of Mr. Wu Jianwei (Mr. Wu") and Mr. Liang Zihao ("Mr. Liang") as the co-chairmen of the Board has become effective.

Code provision A.2.1 of the Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liang's appointment as both the co-chairman and the chief executive office of the Company deviates from code provision A.2.1. The Board considers that appointing Mr. Liang as a new co-chairman will enable the Board to function more effectively when Mr. Wu is not available to attend the Board meeting in person. It is expected that, going forward, Mr. Wu will perform the other functions and responsibilities of the chairman under the Code. The Board believes that the balance of power and authority is adequately ensured by its operations and governance which comprises experienced and high calibre individuals, with half of them being independent non-executive Directors.

Following the appointment, Mr. Liang, who is mainly responsible for providing overall leadership in the Group, formulating corporate strategy, planning and business development as well as operations and management of the Group and making day-to-day operational and managerial decisions, will continue working closely with Mr. Wu who is responsible for providing the overall strategic development of the business of the Group. Mr. Wu has confirmed that he will continue to be the responsible person providing overall leadership in the strategic development of the business of the Group and overseeing the management of the Board and will remain fully committed to the Group. The Board expects the collaboration between Mr. Wu and Mr. Liang will help the Group to move forward with more growth potential.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

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

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

Pursuant to the Articles, Mr. Li Man Keung Edwin, Mr. Lau Wai Yan Lawson and Mr. Pan Wenyuan will retire from office as Directors at the forthcoming AGM, and being eligible, will offer themselves for re-election.

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

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

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Standard of Dealings"), as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the Standard of Dealings from 1 April 2020 or the date of appointment (whichever is later) and up to the date of this annual report.

BOARD OF DIRECTORS

The Directors who held office during the nine months ended 31 December 2020 and up to the date of this annual report are as follows:

Board of Directors

Executive Directors

Mr. Liang Zihao *(Co-Chairman and Chief Executive Officer)*
Mr. Sam Weng Wa Michael
Mr. Li Man Keung Edwin (appointed on 24 August 2020)
Mr. Lau Wai Yan Lawson (appointed on 24 August 2020)
Mr. Pan Wenyuan (appointed on 22 March 2021)

Non-Executive Director

Mr. Wu Jianwei *(Co-Chairman)*

Independent Non-Executive Directors

Mr. Tam Ka Hei Raymond
Mr. Yuen Chun Fai
Ms. Zhu Xiaohui

The brief biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 22 to 27 of the annual report.

The Company had complied with the requirements under Rule 5.05(1) and (2), and 5.05A of the GEM Listing Rules during the nine months ended 31 December 2020 and up to the date of this annual report. The Company considers all independent non-executive Directors meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.

FUNCTIONS OF THE BOARD

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

The Board is also delegated with the corporate governance functions under code provision D.3.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

BOARD MEETINGS AND PROCEDURES

Board members will be provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision A.1.3 of the Code, at least 14 days' notice will be given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and are required to abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments before the final version are endorsed in the subsequent Board meeting.

During the nine months ended 31 December 2020, details of the attendance of the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings, and general meeting of the Company held are summarised as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
Executive Directors					
Mr. Liang Zihao	8/8	N/A	2/2	2/2	2/2
Mr. Sam Weng Wa Michael	8/8	N/A	N/A	N/A	2/2
Mr. Li Man Keung Edwin (appointed on 24 August 2020)	3/3	N/A	N/A	N/A	0/0
Mr. Lau Wai Yan Lawson (appointed on 24 August 2020)	3/3	N/A	N/A	N/A	0/0
Mr. Pan Wenyuan (appointed on 22 March 2021)	N/A	N/A	N/A	N/A	N/A
Non-executive Director					
Mr. Wu Jianwei	8/8	N/A	N/A	N/A	2/2
Independent Non-executive Directors					
Mr. Tam Ka Hei Raymond	8/8	3/3	2/2	2/2	2/2
Mr. Yuen Chun Fai	8/8	3/3	N/A	2/2	2/2
Ms. Zhu Xiaohui	8/8	3/3	2/2	2/2	2/2

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

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

The Audit Committee currently consists of three members, namely Mr. Yuen Chun Fai (Chairman), Mr. Tam Ka Hei Raymond and Ms. Zhu Xiaohui, all being independent non-executive Directors. The Group's final results for the nine months ended 31 December 2020 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee is of the view that the annual results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

The Audit Committee held four (4) meetings for the period from 1 April 2020 to the date of this annual report. Details of the attendance of the Audit Committee meetings are set out above.

At the meeting, the Audit Committee had reviewed the Group's audited consolidated financial statements for the nine months ended 31 December 2020, the first quarterly results of the Group for the three months ended 30 June 2020, the interim results of the Group for the six months ended 30 September 2020 and the annual results of the Group for the year ended 31 March 2020 respectively, with a recommendation to the Board for approval. In addition, the Audit Committee had reviewed the Group's financing and accounting policies. The Audit Committee also reviewed the continuing connected transactions. In addition, it has reviewed the risk management and internal control systems of the Group and made recommendations to the Board accordingly.

REMUNERATION COMMITTEE

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

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

The Remuneration Committee held three (3) meetings for the period from 1 April 2020 to the date of this annual report. Details of the attendance of the Remuneration Committee meeting are set out above.

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

NOMINATION COMMITTEE

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

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

— Reputation for integrity;

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

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

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

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

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

The Nomination Committee held three (3) meetings for the period from 1 April 2020 to the date of this annual report. Details of the attendance of the Nomination Committee meeting are set out above.

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

DIVERSITY OF THE BOARD

The Group has adopted a policy in relation to the diversity of the members of the Board and the summary of the policy is as follows:

(1) selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and

(2) the Nomination Committee will monitor the implementation of the Board diversity policy from time to time to ensure the effectiveness of the Board diversity policy.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director will receive a formal, comprehensive and tailor-made induction training on the first occasion of his appointment to ensure that he has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under the statutes and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. During the nine months ended 31 December 2020, the Directors had received induction training conducted by the Company's Hong Kong legal advisers in respect of their duties and responsibilities as a director of a listed company.

The Company will from time to time provide briefings to all Directors to refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses provided by legal advisers and/or any appropriated institutions at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors (including Directors' induction training) for the nine months ended 31 December 2020 and up to the date of this annual report are summarised as follows:

Name of Directors	**Type of trainings**
Mr. Liang Zihao	A, B
Mr. Sam Weng Wa Michael	A, B
Mr. Li Man Keung Edwin (appointed on 24 August 2020)	A, B
Mr. Lau Wai Yan Lawson (appointed on 24 August 2020)	A, B
Mr. Pan Wenyuan (appointed on 22 March 2021)	A, B
Mr. Wu Jianwei	A, B
Mr. Tam Ka Hei Raymond	A, B
Mr. Yuen Chun Fai	A, B
Ms. Zhu Xiaohui	A, B

A: attending seminars/conferences/forums/training sessions

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

COMPANY SECRETARY

Mr. Chu was appointed as the company secretary of the Company in 2019. His biographical details are set out in the section headed "Biographies of Directors and Senior Management". For the nine months ended 31 December 2020, Mr. Chu attended relevant professional training for not less than 15 hours in compliance with Rule 5.15 of the GEM Listing Rules.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

The remunerations of the Directors and senior management of the Group for the nine months ended 31 December 2020 fall within the following band:

Remuneration band	Number of directors and senior management
Nil to HK$1,000,000	12
HK$1,000,001 to HK$1,500,000	1

EMOLUMENT POLICY

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

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

DIRECTORS' REMUNERATION

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

EXTERNAL AUDITORS' REMUNERATION

The Company engaged D & PARTNERS CPA LIMITED as its auditor for the nine months ended 31 December 2020. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the auditors. During the nine months ended 31 December 2020, the fees paid/payable to D & PARTNERS CPA LIMITED in respect of its audit services provided to the Group for the nine months ended 31 December 2020 amounted to HK$0.8 million.

RISK MANAGEMENT AND INTERNAL CONTROL

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

The Company recognises that good internal control and risk management are essential for the long-term and sustainable growth of a business. The Group has established a governance structure and the major responsibilities of each role of the structure. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, and management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness and adequacy of these systems for the nine months ended 31 December 2020.

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

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

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

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

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

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

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

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

The Audit Committee reviewed the internal control review report issued by the independent consultancy company on the Company's risk management and internal control systems in respect of the nine months ended 31 December 2020 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the nine months ended 31 December 2020 as required under code provision C.2.5 of the Code. The Board and the Audit Committee have considered the internal control review report prepared by the independent consultancy company and communicated with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems.

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

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

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

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

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

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

THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

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

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

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

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

Cornerstone Technologies Holdings Limited

Address:	Rm 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
Tel:	(852) 2283 2222
Fax:	(852) 2283 2283
E-mail:	info@hkepg.com

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

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

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

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company has amended its memorandum and articles of association twice during the nine months ended 31 December 2020, for the purpose to establish and facilitate the operation of a co-chairmen structure for the Company; and to change the name of the Company. For details, please refer to the announcement and circular in relation to the co-chairmen structure amendments dated 14 April 2020 and 30 June 2020 respectively. For the details of amendments relating to change of company name, please refer to announcement and circular both dated 23 July 2020.

The board (the "Board") of directors (the "Directors") of Cornerstone Technologies Holdings Limited (the "Company") presents herewith this report of the Directors together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the nine months ended 31 December 2020.

PRINCIPAL ACTIVITIES

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

The principal activities of its major subsidiaries are set out in note 37 to the consolidated financial statements.

BUSINESS REVIEW AND FUTURE BUSINESS DEVELOPMENT

The business review and future business development of the Group for the nine months ended 31 December 2020 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Risks and uncertainties

The principal risks and uncertainties facing our Group have been addressed in the section headed "Management Discussion and Analysis" on pages 7 to 21 of this annual report. In addition, various financial risks have been disclosed in note 34 to the consolidated financial statements.

Environmental protection

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

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has reviewed on an ongoing basis the newly enacted laws and regulations affecting the operations of the Group. Save as disclosed in the Prospectus, the Group is not aware of any material non-compliance with the laws and regulations that has a significant impact on the business of the Group during the nine months ended 31 December 2020. All of the non-compliance incidents as disclosed in the Prospectus that are capable of being rectified had been rectified.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

The Group also maintains a good relationship with its suppliers. During the nine months ended 31 December 2020, no complaint was received from the suppliers, there were no disputed debts or unsettled debts and all the debts were settled on or before due dates or a later date as mutually agreed.

During the nine months ended 31 December 2020, there were no disputes on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under individual employees' employment contracts. The Group also ensures that all employees are reasonably remunerated by regular review of the policies on salary increment, promotion, bonus, allowances and all other related benefits.

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

EMPLOYEES

The Group had 149 employees (including the Directors) as at 31 December 2020 (31 March 2020: 112 employees) in Hong Kong. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance based bonus. The Group enters into standard employment contracts with its staff which contain provisions on intellectual property rights and confidentiality.

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

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

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

RESULTS AND APPROPRIATIONS

The financial results of the Group for the nine months ended 31 December 2020 and the financial positions of the Company and the Group as at 31 December 2020 are set forth in the audited consolidated financial statements on page 64 to 154 of this annual report.

DIVIDEND POLICY

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

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

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

The Board does not recommend the payment of final dividend for the nine months ended 31 December 2020.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 155 and 156 of this annual report. This summary does not form part of the audited consolidated financial statements in this annual report.

RESERVES

Movements in the reserves of the Group during the nine months ended 31 December 2020 and the year ended 31 March 2020 are set out in the consolidated statement of changes in equity on page 67 of this annual report.

DISTRIBUTABLE RESERVES

Details of movements during the nine months ended 31 December 2020 and the year ended 31 March 2020 in the reserves and reserves available for distribution to the Company's shareholders of the Group and the Company are set out on page 67 of this annual report and in note 39 to the consolidated financial statements. The Company did not have any distributable reserves as at 31 December 2020.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the nine months ended 31 December 2020 and the year ended 31 March 2020 are set out in note 14 to the consolidated financial statements in this annual report.

DONATIONS

During the nine months ended 31 December 2020, the Group did not make any charitable donations (the year ended 31 March 2020: Nil).

SHARE CAPITAL

Details of movements in share capital of the Company during the nine months ended 31 December 2020 and the year ended 31 March 2020 are set out in note 28 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors who held office during the nine months ended 31 December 2020 and up to the date of this annual report are as follows:

Executive Directors

Mr. Liang Zihao *(Co-Chairman and Chief Executive Officer)*
Mr. Sam Weng Wa Michael
Mr. Li Man Keung Edwin (appointed on 24 August 2020)
Mr. Lau Wai Yan Lawson (appointed on 24 August 2020)
Mr. Pan Wenyuan (appointed on 22 March 2021)

Non-Executive Director

Mr. Wu Jianwei *(Co-Chairman)*

Independent Non-Executive Directors

Mr. Tam Ka Hei Raymond
Mr. Yuen Chun Fai
Ms. Zhu Xiaohui

In accordance with the Articles, all the Directors, namely Mr. Liang Zihao, Mr. Sam Weng Wa Michael, Mr. Li Man Keung Edwin, Mr. Lau Wai Yan Lawson, Mr. Pan Wenyuan, Mr. Wu Jianwei, Mr. Tam Ka Hei Raymond, Mr. Yuen Chun Fai and Ms. Zhu Xiaohui, will retire at the forthcoming annual general meeting, and all being eligible, will offer themselves for re-election as the Directors at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

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

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

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 22 to 27 of this annual report.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors during the nine months ended 31 December 2020 are set out in note 10 to the consolidated financial statements in this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the nine months ended 31 December 2020 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Apart from the contracts and agreements relating to the Reorganisation and save as disclosed in this annual report, there was no transaction, arrangement or contract of significance to which the Company or any related companies (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at 31 December 2020 or at any time during the nine months ended 31 December 2020.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme" in this annual report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company subsisting during or at the end of the nine months ended 31 December 2020.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 41.9% and sales to the Group's largest customer amounted to approximately 18.2% of the total revenue for the nine months ended 31 December 2020, respectively. Purchases from the Group's five largest suppliers accounted for approximately 49.3% and purchases from the Group's largest supplier amounted to approximately 13.5% of the total purchases for the nine months ended 31 December 2020.

To the best knowledge of the Directors, neither the Directors, their close associates (as defined in the GEM Listing Rules), nor any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued Shares), had any beneficial interest in any of the Group's five largest customers or suppliers during the nine months ended 31 December 2020.

CONNECTED AND RELATED PARTY TRANSACTION

On 4 August 2020, the completion of the acquisition of Cornerstone EV Charing Service Limited has taken place. The acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. For more details, please refer to the announcement and circular of the Company dated 21 February 2020 and 30 June 2020. Other than the acquisition, there was no connected transaction of the Company under Chapter 20 of the GEM Listing Rules, which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements. Details of the related party transactions of the Group during the nine months ended 31 December 2020 are set out in note 36 to the consolidated financial statements of this annual report. None of these related party transactions are connected transactions which are subject to reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

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

During the nine months ended 31 December 2020, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the nine months ended 31 December 2020.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the nine months ended 31 December 2020.

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

As at 31 December 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Capacity	Number of shares or underlying shares held Ordinary shares	Share options	Total	Percentage of issued share capital
Mr. Wu Jianwei	Interest of controlled corporation	235,603,225	—	235,603,225	49.03%
Mr. Liang Zihao	Interest of controlled corporation	235,603,225	—	235,603,225	49.03%
Mr. Lau Wai Yan Lawson	Interest of controlled corporation	22,802,703	—	22,802,703	4.75%
Mr. Li Man Keung Edwin	Beneficial owner/Interest of controlled corporation	19,112,613	—	19,112,613	3.98%

Notes:

1. Mr. Wu owns 51% of the issued share capital of Global Fortune Global Limited ("Global Fortune"). Mr. Wu is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.

2. Mr. Liang owns 49% of the issued share capital of Global Fortune. Mr. Liang is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.

3. Mr. Lau owns 100% of the issued share capital of Cornerstone Wealth Holdings Limited ("Cornerstone Wealth"). Mr. Lau is deemed to be interested in the Shares in which Cornerstone Wealth is interested under the SFO.

4. Mr. Li owns 100% of the issued share capital of Tanner Enterprises Group Limited ("Tanner Enterprises"). Mr. Li is deemed to be interested in the shares in which Tanner Enterprises is interested under the SFO.

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

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

Notes:

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

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

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

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

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executive of the Company had any interest or short position in Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 31 December 2020, the interests and short positions of the substantial shareholders of the Company (other than the Directors and the chief executives of the Company) in the Shares and underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein, were as follows:

Name of Substantial Shareholder	Long/ short position	Capacity	Number of Shares	Percentage of issued share capital
Global Fortune	Long position	Beneficial owner *(Note 1)*	235,603,225 Shares	49.03%
Glorytwin Limited ("Glorytwin")	Long position	Beneficial owner *(Note 2)*	81,000,000 Shares	16.86%
Colorful Bay Limited ("Colorful Bay")	Long position	Deemed interest, interest in controlled corporation *(Note 2)*	81,000,000 Shares	16.86%

Notes:

(1) Global Fortune is legally and beneficially owned as to 51% and 49% by Mr. Wu and Mr. Liang respectively. Therefore by virtue of the SFO, Mr. Wu and Mr. Liang are deemed to have the interest owned by Global Fortune.

(2) Glorytwin is legally and beneficially owned as to 90% by Colorful Bay. Therefore by virtue of the SFO, Colorful Bay is deemed to have the interest owned by Glorytwin. Colorful Bay is legally and beneficially owned as to 100% by Mr. So. Therefore by virtue of the SFO, Mr. So is deemed to have the interest owned by Colorful Bay.

Save as disclosed above, as at 31 December 2020, the Directors were not aware of any other persons/ entities (other than the Directors and chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

1. Purpose of the Share Option Scheme

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

2. Who may join

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

3. Grant and Acceptance of Option

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

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

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

4. Subscription price of Shares

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

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

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

(c) the nominal value of the Shares.

5. Maximum number of Shares

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

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

6. Time of exercise of options

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

7. Period of Share Option Scheme

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

No share option has been granted since the adoption of the Share Option Scheme up to the date of 31 December 2020. On 28 January 2021, a total of 28,428,000 share options were granted by the Company to eligible participants of the Group under the Share Option Scheme. For more details, please refer to the announcement dated 28 January 2021.

Further particulars of the Share Option Scheme are set out in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to the Prospectus.

INTERESTS IN COMPETING BUSINESS

For the nine months ended 31 December 2020, 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.

DEED OF NON-COMPETITION

Mr. So Wing Keung, Mr. Leung Shu Kin, Colorful Bay Limited, Deep Champion Limited and Glorytwin Limited (the "Covenantors"), being the controlling shareholders (as defined under the GEM Listing Rules) of the Company up to 5 November 2019, have entered into a deed of non-competition in favour of the Company (the "Deed of Non-Competition"). Each of the Covenantors has undertaken under the Deed of Non-Competition that he or it shall not engage in competing business and shall provide to the Company all information necessary for the enforcement of the Deed of Non-Competition. Details of the Deed of Non-Competition have been disclosed in the section headed "Relationship with Controlling Shareholders – Deed of Non-Competition" of the Prospectus.

Each of the Covenantors has confirmed his or its compliance with the terms of the Deed of Non-Competition and the independent non-executive Directors were not aware of any non-compliance of the Deed of Non-Competition given by the Covenantors during the nine months ended 31 December 2020.

DIRECTORS' EMOLUMENT POLICY

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

INTERESTS OF COMPLIANCE ADVISER

As confirmed by the compliance adviser of the Company, Dakin Capital Limited ("Dakin"), as at 31 December 2020, neither Dakin nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 28 to 41 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and the best knowledge of the Directors, the Company had sufficient public float as required under Rule 11.23(7) of the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

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

AUDITOR

D & Partners CPA Limited was appointed as the auditor of the Company by the Board on 30 March 2020 to fill the causal vacancy following the resignation of Mazars CPA Limited. Save for the above, there was no other change in the auditor of the Company since the Company listed on 11 May 2018.

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

EVENTS AFTER THE REPORTING PERIOD

An aggregate of 49,625,000 placing shares have been successfully placed on 4 January 2021 at the placing price of HK$0.40 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing amounted to approximately HK$19.35 million. The Company intends to use the net proceeds of the placing for EV charging business development, commercial and financial printing business operation, working capital and general corporate purposes. For more details, please refer to the announcements dated on 4 January 2021 and 15 December 2020.

On 28 January 2021, a total of 28,428,000 share options were granted by the Company to eligible participants of the Group under the Share Option Scheme. For more details, please refer to the announcement dated 28 January 2021.

An aggregate of 69,625,000 subscription shares have been issued and allotted to the subscribers on 10 March 2021 at the subscription price of HK$0.40 per subscription share pursuant to the terms and conditions of the subscription agreement. The net proceeds from the subscription amounted to approximately HK$27.77 million. The Company intended to use the net proceeds of the Subscription for EV charging business development, commercial and financial printing business operation, working capital and general corporate purposes. For more details, please refer to the announcements dated 10 March 2021 and 15 December 2020 and the circular dated 22 January 2021.

The promissory note was early redeemed with principal amount and accrued interests amounted to approximately HK$5.2 million on 24 March 2021.

The forthcoming financial year is expected to be challenging due to the competitive market conditions as a result of the outbreak of COVID-19 pandemic. The COVID-19 has affected the operation of businesses globally and in varying degrees, the extent of which will depend on factors, including evolvement of the pandemic, macro policies, resumption of work and activities in enterprises, and may have a further impact on the industry as well as businesses of the Group to a certain extent. The Group has closely monitored the situation of COVID-19 and the Group's exposure to the risks and uncertainties in connection with the outbreak. The Group have also started assessment of its impact on the Group's operation and financial performance, maintained close communication with different stakeholders of the Group. Due to the inherent nature and unpredictability of future development and market sentiment, the actual financial impacts could be different depending on future development of the outbreak, government policies and measures in response to the outbreak.

On behalf of the Board

Liang Zihao
Co-Chairman

Hong Kong, 31 March 2021

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

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

OPINION

We have audited the consolidated financial statements of Cornerstone Technologies Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 64 to 154, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the nine months ended 31 December 2020 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Accounting related to acquisition of subsidiary *Refer to note 31 to the consolidated financial statements.*	
During the nine months ended 31 December 2020, the Group completed an acquisition in Cornerstone EV Charging Service Limited ("Cornerstone EV") which supplies electric vehicle integrated charging solutions. For the acquisition of Cornerstone EV at a consideration of approximately HK$38.9 million, the Group's share of fair value of identifiable net assets amounted to approximately HK$3.8 million, shareholder's loan amounted to approximately HK$5.0 million and the goodwill included in investment in subsidiary arising from the acquisition amounted to approximately HK$30.1 million. Management engaged an external valuer to value the assets and liabilities acquired in the acquisition, including the identification and valuation of intangible assets. We focused on this area because of (a) the significance of the acquisition; (b) critical accounting estimates and judgements involved in the identification and valuation of intangible assets acquired, in particular for those amounts valued by income approach; and (c) valuation of the assets and liabilities that are recognised. When determining the fair value of assets and liabilities recognised in the acquisitions, valuations based on discounted cash flow model were primarily used. Key assumptions used include discount rates, revenue growth rates and gross margins. Any significant changes in these key assumptions may give rise to material changes in the fair value of the acquired assets and liabilities including intangible assets, which directly impact the goodwill recognised.	Our key audit procedures included: (a) obtained and reviewed relevant contracts related to the acquisition and evaluated management's process to identify intangible assets; (b) assessed the competence, capabilities and objectivity of management's external valuer; (c) obtained the valuation report and discussed with the external valuer on the methodologies and key assumptions used; (d) evaluated the methodologies used to determine the fair values of assets and liabilities recognised (including the valuation of intangible assets acquired), and benchmarked the discount rates applied to other comparable companies in the same industry; and (e) assessed the reasonableness of key assumptions such as revenue growth rates and gross margins applied by management by comparing them with economic and industry forecasts to assess the reasonableness of management forecasts. We found the key assumptions as stated above to be supported by the evidence obtained.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and right-of-use assets *Refer to note 14 and 15 to the consolidated financial statements.*	
As at 31 December 2020, management assessed the Group's printing business' assets mainly comprising leasehold improvements, and plant and machinery and right-of-use assets for indication of impairment. The economic facing by the Group may adversely impact the recoverable values of the assets used in printing business which is considered to be a triggering event for impairment review. Management considered property, plant and equipment and right-of-use assets of printing business to be a cash generating unit ("CGU"). The recoverable amount of the property, plant and equipment and right-of-use assets of printing business is assessed by value-in-use calculations which are based on future discounted cash flows on a cash generating unit basis. Management engaged an external valuer to value the discount rate adopted in value-in-use calculations. Management has concluded that there were impairment losses amounted to approximately HK$3,111,000 and HK$5,047,000 in respect of the property, plant and equipment and right-of-use assets respectively during the nine months ended 31 December 2020. This area is significant to our audit because of the significance of the carrying amounts of the assets and the significant management judgement involved in determining the value-in-use prepared based on future discounted cash flows. The judgement focuses on growth rates, gross margins and discount rates. All these factors are with estimation uncertainties and may impact the results of the impairment assessment.	Our key audit procedures included: (a) assessed the competence, capabilities and objectivity of management's external valuer; (b) obtained the valuation report and discussed with the external valuer on the methodologies and key assumptions used in determination of discount rate; (c) obtained an understanding on the Group's policies and procedures to identify impairment indicators; (d) gained an understanding of the calculations based on the cash flow forecast of printing business used by management in determining the impairment loss of the property, plant and equipment and right-of-use assets; (e) compared the forecasted sales performance to the approved budget and business plan, and compared estimated running costs to printing business's performance; (f) discussed with management the business plan and evaluated the reasonableness of those plans with the historical performance of printing business and latest market trend; (g) assessed the reasonableness of key assumptions such as growth rates and gross margin based on available market reports and historical trend analyses;

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and right-of-use assets *(Continued)* *Refer to note 14 and 15 to the consolidated financial statements. (Continued)*	(h) reconciled input data to supporting evidence, such as inflation rates, strategic plans and market data; and (i) checked accuracy of the mathematical calculations of value-in-use and impairment loss. Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessment to be supported by the available evidence.
Revenue recognition *Refer to note 5 to the consolidated financial statements.* The Group recognised revenue of approximately HK$40,909,000 (year ended 31 March 2020: HK$64,278,000) from the provision of integrated printing services for the nine months ended 31 December 2020. Revenue from provision of financial printing services on IPO projects of approximately HK$1,785,000 (year ended 31 March 2020: HK$3,008,000) is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. This is identified as a key audit matter because the amount involved is significant and management used significant judgements and estimations to determine the progress towards complete satisfaction of the performance obligation at the reporting date.	Our key audit procedures included: (a) inspected key contract terms as stipulated in sales contracts or quotation signed, on a sample basis, to assess the appropriateness of the Group's revenue recognition accounting policies with reference to the requirements of the prevailing accounting standards; (b) checked the reasonableness of the estimated total services costs to complete the projects by tracing to the contracts signed with respective customers and assessing the reasonableness of the data used in the estimation with reference to historical records of similar project; and (c) checked, on a sample basis, the supporting documents of and the mathematical accuracy of the incurred costs to date.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Chun Yue, David.

D & PARTNERS CPA LIMITED
Certified Public Accountants
Yeung Chun Yue, David
Practising Certificate Number: P05595
Hong Kong
31 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended 31 December 2020

	Note	**For the nine months ended 31 December 2020** ***HK$'000***	For the year ended 31 March 2020 *HK$'000*
Revenue	*5*	**40,909**	64,278
Cost of services		**(32,880)**	(54,929)
Gross profit		**8,029**	9,349
Other income	*6*	**6,651**	1,977
Selling expenses		**(2,192)**	(3,673)
Administrative and other operating expenses		**(41,909)**	(24,063)
Research and development expenses		**(1,502)**	—
Finance costs	*7*	**(1,135)**	(858)
Loss before tax		**(32,058)**	(17,268)
Income tax credit	*8*	**1,587**	985
Loss and total comprehensive expense for the period/year	*9*	**(30,471)**	(16,283)
(Loss) profit and total comprehensive (expense) income for the period/year attributable to:			
Owners of the Company		**(30,471)**	(16,330)
Non-controlling interests		**—**	47
		(30,471)	(16,283)
Loss per share attributable to owners of the Company			
Basic and diluted *(HK cents)*	*13*	**(6.59)**	(3.71)

Consolidated Statement of Financial Position

As at 31 December 2020

	Note	**As at 31 December 2020 HK$'000**	As at 31 March 2020 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**18,977**	20,175
Right-of-use assets	*15*	**25,199**	35,664
Other intangible assets	*16*	**12,099**	—
Goodwill	*17*	**30,080**	—
Deposits	*20*	**3,532**	2,930
Deferred tax assets	*26*	**5**	11
		89,892	58,780
Current assets			
Inventories	*18*	**3,661**	924
Contract assets	*19*	**434**	193
Trade and other receivables, prepayments and deposits	*20*	**11,407**	17,069
Tax recoverable		**864**	964
Bank balances and cash	*21*	**33,205**	48,766
		49,571	67,916
Current liabilities			
Contract liabilities	*19*	**392**	709
Trade and other payables	*22*	**35,069**	10,632
Bank borrowings	*23*	**267**	241
Lease liabilities	*24*	**11,838**	9,908
Provisions	*25*	**—**	300
		47,566	21,790
Net current assets		**2,005**	46,126
Total assets less current liabilities		**91,897**	104,906

Consolidated Statement of Financial Position

As at 31 December 2020

	Note	**As at 31 December 2020** *HK$'000*	As at 31 March 2020 *HK$'000*
Non-current liabilities			
Lease liabilities	*24*	**18,890**	25,747
Provisions	*25*	**916**	886
Promissory note	*27*	**5,104**	—
Deferred tax liabilities	*26*	**3,531**	3,197
		28,441	29,830
NET ASSETS		**63,456**	75,076
Capital and reserves			
Share capital	*28*	**4,805**	4,400
Reserves		**58,651**	70,676
Equity attributable to owners of the Company		**63,456**	75,076
TOTAL EQUITY		**63,456**	75,076

The consolidated financial statements on pages 64 to 154 were approved and authorised for issue by the Board of Directors on 31 March 2021 and signed on its behalf by

Liang Zihao
Director

Li Man Keung Edwin
Director

Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2020

	Attributable to owners of the Company						
		Reserves					
	Share capital HK$'000	Share premium HK$'000 (Note i)	Capital reserve HK$'000 (Note ii)	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000 (Note iii)	Total equity HK$'000
At 1 April 2019	4,400	52,821	17,802	16,392	91,415	389	91,804
(Loss) profit and total comprehensive (expense) income for the year	—	—	—	(16,330)	(16,330)	47	(16,283)
Acquisition of additional interest in a subsidiary	—	—	—	(9)	(9)	(436)	(445)
At 31 March 2020 and 1 April 2020	4,400	52,821	17,802	53	75,076	—	75,076
Issue of shares pursuant to acquisition of a subsidiary	**405**	**18,446**	**—**	**—**	**18,851**	**—**	**18,851**
Loss and total comprehensive expense for the period	**—**	**—**	**—**	**(30,471)**	**(30,471)**	**—**	**(30,471)**
At 31 December 2020	**4,805**	**71,267**	**17,802**	**(30,418)**	**63,456**	**—**	**63,456**

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

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

Note iii: As at 31 March 2019, the Group had material non-controlling interests ("NCI") arising from its 85% equity interest in a subsidiary of the Group, Teamco Translation Limited. On 16 January 2020, the Group completed the acquisition of the remaining 15% equity interest in Teamco Translation Limited, which became a wholly-owned subsidiary after the acquisition, by cash consideration of HK$445,000.

Consolidated Statement of Cash Flows

For the nine months ended 31 December 2020

	For the nine months ended 31 December 2020 HK$'000	For the year ended 31 March 2020 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(32,058)**	(17,268)
Adjustments for:		
Depreciation of property, plant and equipment	**4,413**	6,745
Depreciation of right-of-use assets	**8,422**	12,838
Amortisation of other intangible assets	**441**	—
Impairment loss recognised on trade receivables, net of reversal	**507**	394
Impairment loss recognised on property, plant and equipment	**3,111**	—
Impairment loss recognised on right-of-use assets	**5,047**	—
Interest income	**(89)**	(714)
Finance costs	**1,135**	858
Loss/(gain) on disposal of property, plant and equipment, net	**1,326**	(163)
Loss on disposal of a subsidiary	**—**	503
Reinstatement provision expense	**30**	—
Operating cash flows before movements in working capital	**(7,715)**	3,193
(Increase) decrease in inventories	**(1,705)**	1,160
(Increase) decrease in contract assets	**(241)**	2,672
Decrease (increase) in trade and other receivables and deposits	**6,088**	(1,713)
(Decrease) increase in contract liabilities	**(317)**	322
Decrease in trade and other payables and provisions	**(1,208)**	(1,555)
Cash (used in) generated from operations	**(5,098)**	4,079
Hong Kong Profits Tax received	**—**	12
Interest received	**2**	659
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(5,096)**	4,750

Consolidated Statement of Cash Flows

For the nine months ended 31 December 2020

	For the nine months ended 31 December 2020 HK$'000	For the year ended 31 March 2020 HK$'000
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	**2,315**	180
Net cash outflow on disposal of a subsidiary	**—**	(1)
Payments for deposits	**—**	(1,803)
Purchase of property, plant and equipment	**(6,589)**	(365)
Purchase of other intangible assets	**(141)**	—
Development costs paid	**(2,628)**	—
Net cash outflow on acquisition of a subsidiary	**(13,933)**	—
NET CASH USED IN INVESTING ACTIVITIES	**(20,976)**	(1,989)
FINANCING ACTIVITIES		
Acquisition of additional interest of a subsidiary	**—**	(445)
Repayment of bank borrowings	**(324)**	(2,882)
Repayment of lease liabilities	**(7,984)**	(11,964)
Proceed from receipt in advance for placing of shares	**19,850**	—
Interest paid	**(1,031)**	(849)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**10,511**	(16,140)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(15,561)**	(13,379)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	**48,766**	62,145
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR, represented by bank balances and cash	**33,205**	48,766

1. GENERAL INFORMATION

Cornerstone Technologies Holdings Limited (formerly known as Elegance Commercial and Financial Printing Group Limited) (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 24 January 2017. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer on 11 May 2018. The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is situated at Room 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (hereinafter collectively referred to as the "Group") is principally engaged in the provision of printing, typesetting and translation services in Hong Kong. During the reporting period, the Company also engaged in electric vehicle charging business through a business combination completed in August 2020. The principal activities of its major subsidiaries are set out in note 37.

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current period

In the current period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and 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 period beginning on or after 31 March 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

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

Except as described below, the application of the References to Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current period. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current period. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

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

2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business *(Continued)*

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

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

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

3.1 Basis of preparation of consolidated financial statements

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

The reporting period end date of the Group was changed from 31 March to 31 December in order to have a better coordination with professional parties for the preparation of the financial report. Accordingly, the consolidated financial statements for the current period cover the nine-month period ended 31 December 2020. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve-month period from 1 April 2019 to 31 March 2020 and therefore may not be comparable with amounts shown for the current period.

During the nine months ended 31 December 2020, the Group reported a loss of approximately HK$30,471,000. The above matter indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations. The above condition indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 December 2020. The directors are of the opinion that, taking into account the following measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2020. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Certain measures have been taken to improve the Group's financial position which include, but are not limited to, the following:

(i) The Group completed the placing of new shares on 4 January 2021. An aggregate of 49,625,000 placing shares have been placed at the placing price of HK$0.40 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing amounted to approximately HK$19.35 million; and

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

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

(ii) The Group completed the subscription of new shares on 10 March 2021. An aggregate of 69,625,000 subscription shares have been issued and allotted to the subscribers at the subscription price of HK$0.40 per subscription share pursuant to the terms and conditions of the subscription agreement. The net proceeds from the subscription amounted to approximately HK$27.77 million.

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

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

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

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

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

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

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

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

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

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

3.2 Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's interests in existing subsidiaries (Continued)

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

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

3.2 Significant accounting policies *(Continued)*

Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

3.2 Significant accounting policies *(Continued)*

Business combinations *(Continued)*

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Goodwill *(Continued)*

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

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

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

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

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

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

Transaction price: significant financing components

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

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

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

3.2 Significant accounting policies *(Continued)*

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

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

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities *(Continued)*

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

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

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

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modifications *(Continued)*

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

Borrowing costs

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

Government grants

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

3.2 Significant accounting policies *(Continued)*

Short-term employee benefits *(Continued)*

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

Taxation

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

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

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Property, plant and equipment

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

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

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

Intangible assets

Intangible assets acquired separately

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

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

3.2 Significant accounting policies *(Continued)*

Intangible assets *(Continued)*

Internally-generated intangible assets — research and development expenditure

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Intangible assets *(Continued)*

Intangible assets acquired in a business combination

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

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Inventories

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

Provisions

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

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

Reinstatement provisions

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

Financial instruments

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

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

(i) Amortised cost and interest income

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

Impairment of financial assets

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

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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

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

(i) Significant increase in credit risk

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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

- an actual or expected significant deterioration in the operating results of the debtor;

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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

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

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

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

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

Derecognition of financial assets

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

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, promissory note, and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Key sources of estimation uncertainty

Provision of ECL for trade receivables and contract assets

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

Revenue Recognition

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

Acquisition of a subsidiary

The initial accounting on the acquisition of a subsidiary involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entity or business. The fair values of identifiable net assets are determined by reference to the valuation performed by independent professional valuer. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of these assets and liabilities. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

As at 31 December 2020, the carrying amount of the Group's goodwill is approximately HK$30,080,000 (31 March 2020: nil).

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

Key sources of estimation uncertainty *(Continued)*

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

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

As at 31 December 2020, the carrying amounts of right-of-use assets and property, plant and equipment subject to impairment assessment were approximately HK$25,199,000 and HK$18,977,000 (31 March 2020: HK$35,664,000 and HK$20,175,000) respectively, after taking into account the impairment losses of approximately HK$5,047,000 and HK$3,111,000 (31 March 2020: nil) in respect of right-of-use assets and property, plant and equipment that have been recognised respectively. Details of the impairment of right-of-use assets, and property, plant and equipment are disclosed in notes 15 and 14 respectively.

5. REVENUE AND SEGMENT INFORMATION

Segment information

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

Upon completion of the business combinations as disclosed in note 31, the Group's reportable and operating segments under HKFRS 8 Operating Segments are increased as follow:

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

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(i) Disaggregation of revenue from contracts with customers

	For the nine months ended 31 December 2020 HK$'000	For the year ended 31 March 2020 HK$'000
Printing business		
Commercial printing services	**19,008**	36,096
Financial printing services — Financial documents	**18,414**	21,979
Financial printing services — IPO documents	**1,785**	3,008
Other services *(Note)*	**1,131**	3,195
	40,338	64,278
Electric vehicle charging business		
— Sales of electric vehicle charging systems	**523**	—
— Subscription fee income	**48**	—
	571	—
	40,909	64,278
Timing of revenue recognition		
A point in time	**39,076**	61,270
Over time	**1,833**	3,008
	40,909	64,278

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(ii) Segment information

	Printing business *HK$'000*	Electric vehicle charging business *HK$'000*	**For the nine months ended 31 December 2020** ***HK$'000***
Revenue from external customers	40,338	571	**40,909**
Segment results	(16,962)	(11,654)	**(28,616)**
Unallocated expenses			**(3,442)**
Income tax credit			**1,587**
Loss for the period			**(30,471)**
Segment assets	65,523	28,637	**94,160**
Unallocated assets			**45,303**
Total assets			**139,463**
Segment liabilities	(42,688)	(6,894)	**(49,582)**
Unallocated liabilities			**(26,425)**
Total liabilities			**(76,007)**
Other segment information:			
Additions to non-current assets	5,385	1,204	**6,589**
Cost of services	32,408	472	**32,880**
Depreciation of property, plant and equipment	3,962	451	**4,413**
Depreciation of right-of-use assets	7,830	592	**8,422**
Impairment of property, plant and equipment	3,111	—	**3,111**
Impairment of right-of-use assets	5,047	—	**5,047**
Amortisation of other intangible assets	—	441	**441**

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(ii) Segment information (Continued)

During the year ended 31 March 2020, the directors of the Company had determined that the Group had only one operating and reportable segment throughout the reporting periods, as the Group managed its business as a whole as the provision of integrated printing services in Hong Kong and the executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

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

Information about major customers

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

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
Customer A	**7,430**	11,199

6. OTHER INCOME

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment, net	**—**	163
Interest income	**89**	714
Government grant *(Note)*	**5,170**	—
Exchange gain, net	**21**	—
Sundry income	**1,371**	1,100
	6,651	1,977

Note: Government grants from employment support scheme of approximately HK$5,170,000 are recognised during the period to subsidise eligible employer for paying wages of employees in the subsidy period. The Group is required to undertake and warrant that the Group will not implement redundancies during the subsidy period and spend all wages subsidies on paying wages to its employees.

7. FINANCE COSTS

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
— Interest on bank borrowings	**14**	70
— Interest on promissory note	**104**	—
— Interest on lease liabilities	**1,017**	788
	1,135	858

8. INCOME TAX CREDIT

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

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

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

	For the nine months ended 31 December 2020 *HK$'000*	For the year ended 31 March 2020 *HK$'000*
Hong Kong Profits Tax:		
Current tax	**136**	99
Overprovision in prior year	**(36)**	(80)
	100	19
Deferred taxation credit *(note 26)*	**(1,687)**	(1,004)
Income tax credit	**(1,587)**	(985)

8. INCOME TAX CREDIT *(Continued)*

Reconciliation of income tax credit

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
Loss before tax	**(32,058)**	(17,268)
Tax at the domestic income tax rate	**(5,290)**	(2,849)
Tax effect of expenses not deductible for tax purpose	**732**	830
Tax effect of income not taxable for tax purpose	**(847)**	(143)
Tax effect of tax losses/deductible temporary difference not recognised	**3,914**	1,297
Income tax at concessionary rate	**(60)**	(40)
Overprovision in prior year	**(36)**	(80)
Income tax credit	**(1,587)**	(985)

9. LOSS FOR THE PERIOD/YEAR

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
Loss for the period/year has been arrived at after charging/(crediting):		
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**29,200**	33,546
— Contributions to defined contribution plans	**835**	1,546
Total staff costs	**30,035**	35,092
Auditor's remuneration	**800**	800
Cost of inventories *(Note i)*	**32,852**	54,929
Depreciation of property, plant and equipment	**4,413**	6,745
Depreciation of right-of-use assets	**8,422**	12,838
Amorisation of other intangible assets	**441**	—
Exchange (gain) loss, net	**(21)**	11
Impairment loss recognised on trade receivables	**649**	394
Impairment loss recognised on property, plant and equipment *(Note ii)*	**3,111**	—
Impairment loss recognised on right-of-use assets *(Note ii)*	**5,047**	—
Loss (gain) on disposal of property, plant and equipment	**1,326**	(163)
Loss on disposal of a subsidiary	**—**	503
Factory relocation expenses	**2,900**	—

Note i: During the nine months ended 31 December 2020, cost of inventories included approximately HK$21,606,000 (for the year ended 31 March 2020: approximately HK$35,465,000) relating to the aggregate amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets and operating lease charges, which were included in the respective amounts as disclosed above.

Note ii: The impairment losses related to property, plant and equipment and right-of use assets amounting to approximately HK$3,111,000 and HK$5,047,000 respectively (for the year ended 31 March 2020: nil) have been recorded in administrative and other operating expenses. Property, plant and equipment and right-of-use assets of printing business are determined as one cash-generating unit. The impairment loss attributable to this cash-generating unit was then allocated to write down the assets in the cash-generating unit. Details of impairment assessment of property, plant and equipment and right-of-use assets are set out in note 14.

10. DIRECTORS' EMOLUMENTS

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

Nine months ended 31 December 2020

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonus *HK$'000*	Contributions to defined contribution plans *HK$'000*	Total *HK$'000*
Executive directors					
Mr. Liang Zihao *(Note i, ii)*	—	—	—	—	—
Mr. Sam Weng Wa Michael *(Note i)*	—	—	—	—	—
Mr. Li Man Keung Edwin *(Note iii)*	—	—	—	—	—
Mr. Lau Wai Yan Lawson *(Note iii)*	—	326	—	8	334
Mr. Pan Wenyuan *(Note iv)*	—	—	—	—	—
Non-executive director					
Mr. Wu Jianwei *(Note v)*	—	—	—	—	—
Independent non-executive directors					
Mr. Tam Ka Hei Raymond *(Note vi)*	90	—	—	—	90
Mr. Yuen Chun Fai *(Note vii)*	90	—	—	—	90
Ms. Zhu Xiaohui *(Note vii)*	90	—	—	—	90
	270	326	—	8	604

10. DIRECTORS' EMOLUMENTS *(Continued)*

Year ended 31 March 2020

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonus *HK$'000*	Contributions to defined contribution plans *HK$'000*	Total *HK$'000*
Executive directors					
Mr. Liang Zihao *(Note i, ii)*	—	—	—	—	—
Mr. Sam Weng Wa Michael *(Note i)*	—	—	—	—	—
Mr. So Wing Keung ("Mr. So") *(Note ix, x)*	—	—	—	—	—
Mr. Leung Shu Kin *(Note ix)*	—	720	80	36	836
Ms. Lam Yat Ting *(Note xi)*	180	—	—	—	180
Non-executive director					
Mr. Wu Jianwei *(Note v)*	—	—	—	—	—
Independent non-executive directors					
Mr. Tam Ka Hei Raymond *(Note vi)*	90	—	—	—	90
Mr. Yuen Chun Fai *(Note vii)*	23	—	—	—	23
Ms. Zhu Xiaohui *(Note vii)*	23	—	—	—	23
Mr. Chan Ka Yeung *(Note viii)*	67	—	—	—	67
Mr. Kwong Chi Wing *(Note xii)*	97	—	—	—	97
Ms. Ngan Sze Sze Stephanie *(Note xiii)*	30	—	—	—	30
Mr. Tong Ho Kai Eric *(Note xiv)*	30	—	—	—	30
	540	720	80	36	1,376

10. DIRECTORS' EMOLUMENTS *(Continued)*

Note i: Mr. Liang Zihao and Mr. Sam Weng Wa Michael were appointed as executive directors of the Company on 22 January 2020.

Note ii: Mr. Liang Zihao was appointed as the chief executive officer of the Company on 22 January 2020.

Note iii: Mr. Li Man Keung Edwin and Mr. Lau Wai Yan Lawson were appointed as executive directors of the Company on 24 August 2020.

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

Note v: Mr. Wu Jianwei was appointed as a non-executive director and the chairman of the Company on 22 January 2020.

Note vi: Mr. Tam Ka Hei Raymond was appointed as an independent non-executive director of the Company on 1 July 2019.

Note vii: Mr. Yuen Chun Fai and Ms. Zhu Xiaohui were appointed as independent non-executive directors of the Company on 22 January 2020.

Note viii: Mr. Chan Ka Yeung was appointed as an independent non-executive director of the Company on 1 July 2019 and resigned with effect from 22 January 2020.

Note ix: Mr. So and Mr. Leung Shu Kin were appointed as directors of the Company on 24 January 2017, re-designated as executive directors of the Company on 11 September 2017 and resigned with effect from 22 January 2020.

Note x: Mr. So was appointed as the chairman and chief executive officer of the Company on 11 September 2017 and resigned with effect from 22 January 2020.

Note xi: Ms. Lam Yat Ting was appointed as an executive director of the Company on 1 September 2018 and resigned with effect from 1 July 2019.

Note xii: Mr. Kwong Chi Wing was appointed as an independent non-executive director of the Company on 19 April 2018 and resigned with effect from 22 January 2020.

Note xiii: Ms. Ngan Sze Sze Stephanie was appointed as an independent non-executive director of the Company on 22 October 2018 and resigned with effect from 1 July 2019.

Note xiv: Mr. Tong Ho Kai Eric was appointed as an independent non-executive director of the Company on 22 October 2018 and resigned with effect from 30 June 2019.

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

11. FIVE HIGHEST PAID EMPLOYEES

None of the directors (for the year ended 31 March 2020: one director) included in the five highest paid employees in the Group. Directors' emoluments are included in the disclosure in note 10 above. The emoluments of five (for the year ended 31 March 2020: four) highest paid employees are as follows:

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**3,168**	3,365
Contributions to defined contribution plans	**98**	130
	3,266	3,495

Their emoluments fell within the following bands is as follows:

	Number of employees	
	For the nine months ended 31 December 2020	For the year ended 31 March 2020
Nil to HK$1,000,000	**4**	3
HK$1,000,001 to HK$1,500,000	**1**	1

During the reporting period and prior year, no emoluments were paid by the Group to any of these highest paid non-director and non-chief executive employees as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the reporting period and prior year.

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the nine months ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (for the year ended 31 March 2020: Nil).

13. LOSS PER SHARE

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

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the period/year attributable to owners of the Company)	**(30,471)**	(16,330)
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**462,113**	440,000

During the reporting period, the Group has issued 40,540,541 consideration shares for acquisition of a subsidiary and the number of ordinary shares had been increased from 440,000,000 to 480,540,541. For details, please refer to note 28.

Diluted loss per share are same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the nine months ended 31 December 2020 and the year ended 31 March 2020.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Electric vehicle charging systems HK$'000	Total HK$'000
COST						
At 1 April 2019	4,810	104,094	12,474	1,034	—	122,412
Additions	—	—	365	—	—	365
Disposal	—	(1,827)	(763)	(816)	—	(3,406)
At 31 March 2020 and 1 April 2020	4,810	102,267	12,076	218	—	119,371
Acquired on acquisition of a subsidiary	483	—	1,234	—	1,661	3,378
Additions	3,805	551	1,607	—	626	6,589
Disposal	(3,660)	(31,732)	(3,728)	—	—	(39,120)
At 31 December 2020	5,438	71,086	11,189	218	2,287	90,218
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS						
At 1 April 2019	4,782	77,983	12,082	993	—	95,840
Provided for the year	8	6,475	235	27	—	6,745
Disposal	—	(1,827)	(760)	(802)	—	(3,389)
At 31 March 2020 and 1 April 2020	4,790	82,631	11,557	218	—	99,196
Provided for the period	427	3,411	493	—	82	4,413
Provision for impairment loss	618	2,493	—	—	—	3,111
Disposal	(3,641)	(28,203)	(3,635)	—	—	(35,479)
At 31 December 2020	2,194	60,332	8,415	218	82	71,241
CARRYING VALUES						
At 31 December 2020	3,244	10,754	2,774	—	2,205	18,977
At 31 March 2020	20	19,636	519	—	—	20,175

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

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

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

Impairment assessment

The Group had reported a continued loss in printing business during the nine months ended 31 December 2020. The management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment and right-of-use assets in printing business with carrying amounts of approximately HK$14,846,000 and HK$22,786,000 respectively. The Group considers property, plant and equipment and right-of-use assets in printing business as one cash-generating unit ("CGU") and estimates the recoverable amount of the CGU to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate as-sets when reasonable and consistent basis can be established. The recoverable amount of CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate is 11.34% as at 31 December 2020. The annual growth rate used is 0%, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. The cash flows beyond the five-year period are extrapolated using 0% growth rate. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the CGUs' past performance and management expectations for the market development.

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

Based on the value in use calculation and the allocation, an impairment of approximately HK$3,111,000 and HK$5,047,000, respectively, has been recognised against the carrying amount of property, plant and equipment and right-of-use assets during the nine months ended 31 December 2020 (year ended 31 March 2020: nil).

15. RIGHT-OF-USE ASSETS

	Leased properties *HK$'000*	Machineries *HK$'000*	Motor Vehicles *HK$'000*	Total *HK$'000*
As at 31 December 2020				
Carrying amount	23,523	1,018	658	25,199
As at 31 March 2020				
Carrying amount	34,217	1,447	—	35,664
For the nine months ended 31 December 2020				
Depreciation charge	7,957	429	36	8,422
Impairment loss recognised	5,047	—	—	5,047
For the year ended 31 March 2020				
Depreciation charge	12,312	526	—	12,838

	Nine months ended 31 December 2020 ***HK$'000***	Year ended 31 March 2020 *HK$'000*
Expenses relating to short-term leases	**1,137**	—
Total cash outflow for leases	**7,984**	11,964
Additions to right-of-use assets	**3,004**	39,781

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

For the reporting period and prior year, the Group leases various premises, machineries and motor vehicles for its operations. Lease contracts are entered into for fixed term of 3 to 5 years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Extension and termination options

The Group has extension or termination options in a number of leases for office and warehouse (31 March 2020: factory). This is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

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

	Lease liabilities recognised as at 31 December 2020	Potential future lease payments not included in lease liabilities (undiscounted) 31 December 2020	Lease liabilities recognised as at 31 March 2020	Potential future lease payments not included in lease liabilities (undiscounted) 31 March 2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Factory — Hong Kong	17,839	—	20,102	—
Office — Hong Kong	1,487	—	—	—
Warehouse — Hong Kong	352	—	—	—

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

Extension and termination options *(Continued)*

The following table summarised the additional lease liabilities recognised during the nine months ended 31 December 2020 and the year ended 31 March 2020 as a result of exercising extension option that the Group was not reasonably certain to exercise and not exercising termination option that the Group was not reasonably certain not to exercise:

For the nine months ended 31 December 2020

	Termination option exercisable *No. of leases*	**Termination option exercised** *No. of leases*
Offices — Hong Kong	1	—
Warehouse — Hong Kong	1	—
Additional lease liabilities recognised (HK$'000)		1,264

For the year ended 31 March 2020

	Extension option exercisable *No. of leases*	**Extension option exercised** *No. of leases*
Factory — Hong Kong	1	1
Additional lease liabilities recognised (HK$'000)		10,615

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

16. OTHER INTANGIBLE ASSETS

	Development costs	Registered trademarks	Patent	Technology	Customer relationship	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 April 2019, 31 March 2020 and 1 April 2020	—	—	—	—	—	—
Additions	2,628	141	—	—	—	2,769
Acquired on acquisition of a subsidiary	—	11	2,000	6,153	1,607	9,771
At 31 December 2020	2,628	152	2,000	6,153	1,607	12,540
AMORTISATION						
At 1 April 2019, 31 March 2020 and 1 April 2020	—	—	—	—	—	—
Provided for the period	—	3	76	257	105	441
At 31 December 2020	—	3	76	257	105	441
CARRYING VALUES						
At 31 December 2020	2,628	149	1,924	5,896	1,502	12,099
At 31 March 2020	—	—	—	—	—	—

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

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

Development costs	10 years
Registered trademarks	1-10 years
Patent	15 years
Technology	15 years
Customer relationship	5-10 years

17. GOODWILL

	Acquisition of Cornerstone EV HK$'000
COST	
At 1 April 2019, 31 March 2020 and 1 April 2020	—
Arising on acquisition of a subsidiary	30,080
At 31 December 2020	30,080
CARRYING VALUES	
At 31 December 2020	30,080
At 31 March 2020	—

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

	Goodwill	
	As at 31 December 2020 ***HK$'000***	As at 31 March 2020 *HK$'000*
Electronic vehicle charging segment – Cornerstone EV	**30,080**	—

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

The recoverable amount of electronic vehicle charging segment CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 10-year period and discount rate of 16.0%. Electronic vehicle charging segment CGU's cash flows beyond the 10-year period are extrapolated using a steady 2.5% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on electronic vehicle charging segment CGU's past performance and management's expectations for the market development.

During the nine months ended 31 December 2020, management of the Group determines that there is no impairment on electronic vehicle charging segment CGU.

18. INVENTORIES

	As at 31 December 2020	As at 31 March 2020
	HK$'000	*HK$'000*
Raw materials	**1,658**	860
Work in progress	**1,920**	64
Finished goods	**83**	—
	3,661	924

19. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Note	**As at 31 December 2020**	As at 31 March 2020
		HK$'000	*HK$'000*
Contract assets	*(a)*	**434**	193
Contract liabilities	*(b)*	**392**	709

(a) Contract assets

	As at 31 December 2020	As at 31 March 2020
	HK$'000	*HK$'000*
Provision of financial printing services on IPO projects	**434**	193

The contract assets primarily relate to the Group's right to consideration for work completed and not billed on the financial printing services on IPO projects because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer contract assets to trade receivables upon achieving the specified milestones in the contracts.

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

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

(a) Contract assets *(Continued)*

Details of the impairment assessment of contract assets are set out in note 34. As at 31 December 2020, none of the Group's contract assets were impaired (31 March 2020: Nil).

There was no retention held by customers on services contracts as at 31 December 2020 (31 March 2020: Nil).

Movements in contract assets

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
At the beginning of the reporting period	**193**	2,865
Additions for the period/year	**241**	193
Transferred to trade receivables for the period/year	**—**	(2,865)
At the end of the reporting period	**434**	193

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

(b) Contract liabilities

	As at 31 December 2020	As at 31 March 2020
	HK$'000	*HK$'000*
Provision of financial printing services on IPO projects	**392**	709

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

When the Group receives a deposit before the provision of financial printing services on IPO projects commence, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit received.

Movements in contract liabilities

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
At the beginning of the reporting period	**709**	387
Additions for the period/year	**—**	408
Revenue recognised for the period/year	**(317)**	(86)
At the end of the reporting period	**392**	709

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

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 December 2020 *HK$'000*	As at 31 March 2020 *HK$'000*
Trade receivables		
— contracts with customers	**6,881**	9,366
Other receivables	**978**	2,857
Prepayments	**2,721**	1,218
Deposits	**4,359**	6,558
	8,058	10,633
Total	**14,939**	19,999
Analysed for reporting purposes as:		
Non-current assets	**3,532**	2,930
Current assets	**11,407**	17,069
	14,939	19,999

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

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

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice date at the end of each reporting period is as follows:

	As at 31 December 2020	As at 31 March 2020
	HK$'000	*HK$'000*
0 to 30 days	**4,535**	4,117
31 to 60 days	**1,301**	1,898
61 to 90 days	**541**	1,736
Over 90 days	**504**	1,615
	6,881	9,366

As at 31 December 2020, included in the Group's trade receivables balance, are debtors with aggregate carrying amount of approximately HK$2,442,000 (31 March 2020: HK$5,242,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$314,000 (31 March 2020: HK$927,000) has been past due 90 days or more and is not considered as in default as these balances are mainly due from customers of good credit quality. The Group does not hold any collateral over the balances.

The movement in the allowance for impairment in respect of trade receivables during the period/year was as follows:

	For the nine months ended 31 December 2020	For the year ended 31 March 2020
	HK$'000	*HK$'000*
Balance at the beginning of the reporting period	**142**	—
Reversal of impairment losses	**(142)**	—
Impairment losses recognised	**649**	394
Write-offs	**(44)**	(252)
Balance at the end of the reporting period	**605**	142

As at 31 December 2020 and 31 March 2020, other receivables of the Group are neither past due nor impaired and they have no default history and there are continuous subsequent settlements.

Details of impairment assessment of trade and other receivables are set out in note 34.

21. BANK BALANCES AND CASH

As at 31 December 2020, bank balances and cash carry interest at prevailing market rate of 0.01% (31 March 2020: 0.01%) per annum.

Details of impairment assessment of bank balances are set out in note 34.

22. TRADE AND OTHER PAYABLES

	As at 31 December 2020 *HK$'000*	As at 31 March 2020 *HK$'000*
Trade payables	**2,021**	1,378
Accruals and other payables	**9,796**	4,669
Receipts in advance for placing of shares	**19,850**	—
Deposits received	**3,402**	4,585
	33,048	9,254
Total	**35,069**	10,632

The trade payables are non-interest bearing and the Group is normally granted with credit terms up to 90 days.

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

	As at 31 December 2020 *HK$'000*	As at 31 March 2020 *HK$'000*
0 to 30 days	**1,541**	668
31 to 60 days	**364**	587
61 to 90 days	**116**	123
	2,021	1,378

23. BANK BORROWINGS

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

	As at 31 December 2020	As at 31 March 2020
	HK$'000	*HK$'000*
Bank borrowings — secured	**267**	241
Carrying amounts of bank borrowings that contain a repayment on demand clause (show under current liabilities) but repayable:		
Within one year	**200**	241
More than one year, but not exceeding two years	**67**	—
Amounts shown under current liabilities	**267**	241

As at 31 December 2020, the bank borrowing contains a repayment on demand clause and the amounts due is presented based on scheduled repayment dates set out in the loan agreements. The bank borrowing bear a flat interest rate of 0.55% per month. The bank borrowing is drawn under banking facilities of a subsidiary. The banking facilities are secured and guaranteed by personal guarantees given by the director, Lau Wai Yan Lawson.

As at 31 March 2020, the bank borrowing bore a floating interest rate at 1 month's Hong Kong Inter-bank Offered Rate plus 2.25% per annum. The effective interest rate on bank borrowing was approximately 3.39% per annum. The bank borrowing was drawn under banking facilities. The banking facilities were secured and guaranteed by corporate guarantees given by the Company.

All of the banking facilities are subject to the fulfilment of covenants relating to a subsidiary's ratios based on its statement of financial position, as are commonly found in lending arrangements with financial institutions. If the subsidiary were to breach the covenants, the drawn down facilities would become repayable on demand. In addition, the subsidiary's loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the subsidiary has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants and has made payments according to the schedule of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 34 to the consolidated financial statements. As at 31 December 2020 and 31 March 2020, none of the covenants relating to drawn down facilities had been breached.

24. LEASE LIABILITIES

	As at 31 December 2020	As at 31 March 2020
	HK$'000	*HK$'000*
Leases liabilities payable:		
Within one year	**11,838**	9,908
Within a period of more than one year but not more than two years	**7,520**	10,379
Within a period of more than two years but not more than five years	**11,370**	11,890
Within a period of more than five years	**—**	3,478
	30,728	35,655
Less: Amount due to settlement with 12 months shown under current liabilities	**(11,838)**	(9,908)
Amount due to settlement after 12 months shown under non-current liabilities	**18,890**	25,747

25. PROVISIONS

	As at 31 December 2020	As at 31 March 2020
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Non-current liabilities	**916**	886
Current liabilities	**—**	300
	916	1,186

25. PROVISIONS *(Continued)*

	Reinstatement provisions *HK$'000*
At 1 April 2019	—
Provisions recognised	1,186
At 31 March 2020 and 1 April 2020	1,186
Ulilisation of provision	(300)
Provision recognised	30
At 31 December 2020	916

26. DEFERRED TAXATION

The following is the deferred tax assets (liabilities) recognised and movements thereon during the nine months ended 31 December 2020 and the year ended 31 March 2020:

	Accelerated accounting depreciation *HK$'000*	Accelerated tax depreciation *HK$'000*	Total *HK$'000*
At 1 April 2019	54	(4,244)	(4,190)
(Charge) credit to profit or loss	(43)	1,047	1,004
At 31 March 2020 and 1 April 2020	11	(3,197)	(3,186)
Acquisition of a subsidiary	—	(2,027)	(2,027)
(Charge) credit to profit or loss	(6)	1,693	1,687
At 31 December 2020	**5**	**(3,531)**	**(3,526)**

26. DEFERRED TAXATION *(Continued)*

For the purpose of presentation in the consolidated financial statements, the following is the analysis of the deferred taxation:

	As at 31 December 2020 *HK$'000*	As at 31 March 2020 *HK$'000*
Deferred tax assets	**5**	11
Deferred tax liabilities	**(3,531)**	(3,197)
	(3,526)	(3,186)

The Group has unused estimated tax losses of approximately HK$47,274,000 (31 March 2020: HK$6,326,000) and deductible temporary differences of HK$7,499,000 (31 March 2020: HK$1,602,000) available for offset against future profits as at 31 December 2020. The deductible temporary difference of HK$33,000 (31 March 2020: HK$66,000) as at 31 December 2020 has been recognised as deferred tax assets. No deferred tax asset has been recognised in respect of the entire unused tax losses and deductible temporary differences of HK$7,466,000 (31 March 2020: HK$1,536,000) as at 31 December 2020 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

27. PROMISSORY NOTE

On 4 August 2020, the Company and Norenex Limited ("Norenex") entered into an agreement of which the Company agreed to issue an unsecured interest-bearing note with aggregate principal amounts of HK$5,000,000, which bears interests ranging of 5% per annum with a maturity date for three years from date of issue, as part of consideration for acquisition of subsidiary, Cornerstone EV Charging Service Limited ("Cornerstone EV"). The Company may, in its sole discretion, exercise the right of early redemption, by electing to repay all or any part of the outstanding amount at any time prior to the maturity date.

The Company has assessed the fair value of the promissory note at initial recognition and at the end of the reporting period and consider that the carrying value is a reasonable approximation of its fair value.

27. PROMISSORY NOTE *(Continued)*

The promissory note recognised in the consolidated statement of financial position of the Group is calculated as follows:

	HK$'000
At 1 April 2019, 31 March 2020 and 1 April 2020	—
Issued during the period	5,000
Interest payable	104
At 31 December 2020	5,104

28. SHARE CAPITAL

		As at 31 December 2020		As at 31 March 2020	
		No. of shares	**Amount**	No. of shares	Amount
	Note	***'000***	***HK$'000***	*'000*	*HK$'000*
Authorised:					
Ordinary shares of HK$0.01 each					
At the beginning of the reporting period		**100,000,000**	**1,000,000**	100,000,000	1,000,000
At the end of the reporting period		**100,000,000**	**1,000,000**	100,000,000	1,000,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At the beginning of the reporting period		**440,000**	**4,400**	440,000	4,400
Issue of shares pursuant to acquisition of a subsidiary	*(a)*	**40,541**	**405**	—	—
At the end of the reporting period		**480,541**	**4,805**	440,000	4,400

Note:

(a) On 4 August 2020, the Company allotted and issued of 40,540,541 consideration shares pursuant to the acquisition of 100% of issued shares of Cornerstone EV. Details of which are disclosed in announcement of the Group dated 4 August 2020.

29. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to the written resolutions of the shareholders passed on 19 April 2018.

Under the Scheme, the Board of Directors (the "Board") may at its discretion offer to any individual who is an employee of the Group (including directors) or any entity in which the Company holds any equity interest and such other persons (the "Participants") in the sole discretion of the Board, has contributed or will contribute to the Group of the options to subscribe for shares in the Company in accordance with the terms of the Scheme and Chapter 23 of the GEM Listing Rules. The principal purposes of the Scheme are to recognise and acknowledge the contributions made by the Participants, to attract skilled and experienced personnel, to incentivise them to remain with the Company and to motivate them to strive for the future development and expansion of the Group. The Scheme commenced on 19 April 2018 and will end on the day immediately prior to the tenth anniversary thereof.

The maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company may not exceed 10% of issued share capital of the Company, or may not exceed a maximum of 30%, should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted under the Scheme where applicable to a director, chief executive, substantial shareholder or management shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive directors who are the prospective grantees in question). In addition, any share options granted to a substantial shareholder or any independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

29. SHARE OPTION SCHEME *(Continued)*

An option may be exercised in accordance with the terms of the Scheme where applicable at any time during the option period after the option has been granted by the Board. The option period, during which an option may be exercised, is determined by the Board under the Scheme, but may not be later than ten years after the date of the grant of the option. According to the Scheme where applicable, there is no provision requiring a minimum holding period before an option may be exercised. A nominal consideration of HK$1 is payable on acceptance of the grant of an option under the Scheme where applicable.

The exercise price will be determined by the Board under the Scheme, but may not be less than the higher of (i) the closing price of the Company's shares on GEM of the Stock Exchange on the date of the options granted; (ii) the average of the closing prices of the Company's shares on GEM of the Stock Exchange for the five trading days immediately preceding the date of the options granted; and (iii) the nominal value of the Company's shares.

No option has been granted or exercised under the Scheme during the nine months ended 31 December 2020 and the year ended 31 March 2020.

30. RETIREMENT BENEFITS SCHEME

Defined contribution plans

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

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

31. BUSINESS COMBINATION

On 4 August 2020, the Group acquired a 100% equity interest in Cornerstone EV, which is principally engaged in supplying electric vehicle charging solutions services and sales of electric vehicle charging systems, at a consideration of approximately HK$38,851,000. The aggregated fair value of identifiable net assets of Cornerstone EV on the acquisition date was approximately HK$3,771,000. The acquisition was made as part of the Group's strategy to explore new sustainable business opportunities.

The fair values of the identifiable assets and liabilities of Cornerstone EV as the date of acquisition were as follows:

Consideration for acquisition of a subsidiary	*HK$'000* (Unaudited)
Issuance of share capital	18,851
Cash	15,000
Issuance of promissory note	5,000
Total consideration:	38,851
Net assets acquired:	
Cash and cash equivalents	1,067
Intangible assets	9,771
Property, plant and equipments	3,378
Right of use assets	2,646
Inventories	1,032
Trade and other receivables	160
Utility deposit and prepayments	1,288
Trade and other payables	(4,972)
Accruals and deposit received	(523)
Bank borrowings	(350)
Lease liabilities	(2,699)
Shareholder's loan	(5,000)
Deferred tax liabilities	(2,027)
Total identifiable net assets	3,771
Total consideration:	38,851
Less: Shareholder's loan assumed	(5,000)
Less: Total identifiable net assets	(3,771)
Goodwill on acquisition	30,080

An analysis of cash and cash equivalents included in cash flow from investing activities	*HK$'000*
Cash and cash equivalents in a subsidiary acquired	1,067
Consideration for acquisition settled in cash	(15,000)
Cash paid on acquisition	13,933

31. BUSINESS COMBINATION *(Continued)*

The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the Cornerstone EV. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Included in the loss for the reporting period is approximately HK$10,938,000 attributable to the additional business generated by Conerstone EV. Revenue for the reporting period includes approximately HK$571,000 generated from Conerstone EV.

32. DISPOSAL OF A SUBSIDIARY

On 28 February 2020, the Group completed the disposal of the entire issued share capital in a wholly-owned subsidiary of the Group, ELE Print Solutions Limited, to an independent third party, for a consideration of HK$50,000. ELE Print Solutions Limited was principally engaged in provision of printing service. The net assets of ELE Print Solutions Limited at the date of disposal were as follows:

	HK$'000
Consideration received:	
Cash received	50

	28 February 2020 *HK$'000*
Analysis of assets and liabilities over which control was lost:	
Trade receivables, deposits and prepayments	2,569
Bank balances and cash	51
Trade payables and accruals	(2,067)
Net assets disposed of	553
Loss on disposal of a subsidiary:	
Consideration received	50
Net assets disposed of	(553)
Loss on disposal	(503)
Net cash outflow arising on disposal:	
Cash consideration	50
Less: bank balances and cash disposed of	(51)
	(1)

33. CAPITAL RISK MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the nine months ended 31 December 2020 and year ended 31 March 2020.

34. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2020	As at 31 March 2020
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**48,578**	67,740
Financial liabilities — Amortised cost	**34,514**	5,318
Lease liabilities	**30,728**	35,655

Financial risk management objectives and policies

The Group's major financial instruments comprise of contract assets, trade and other receivables, deposits, bank balances and cash, trade and other payables, promissory note and bank borrowing. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

34. FINANCIAL INSTRUMENTS *(Continued)*

Currency risk

During the nine months ended 31 December 2020 and year ended 31 March 2020, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currency of the operating subsidiaries of the Group, i.e. HK$.

As at 31 December 2020 and 31 March 2020, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

Interest rate risk

As at 31 December 2020, the Group is exposed to fair value interest rate risk in relation to a fixed-rate bank borrowing and lease liabilities (see notes 23 and 24) and also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 21). As at 31 March 2020, the Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 24) and also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowing (see notes 21 and 23). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings. The Group currently does not have a policy to hedge against the interest rate risk as the management does not expect any significant interest rate risk at the end of each reporting period. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arises.

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points increase or decrease in variable-rate bank borrowing are used represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended 31 March 2020 would increase/decrease by HK$2,000, but there would be no impact on the other equity reserves. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowing.

34. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment

The carrying amount of financial assets recognised on the consolidated statement of financial position represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements. The Group's credit risk exposures are primarily attributable to trade and other receivables, deposits, contract assets and bank balances.

Trade receivables and contract assets arising from contracts with customers

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from the management of the Group. The Group limits its exposure to credit risk from trade receivables and contract assets by establishing a maximum payment period of 60 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

As at 31 December 2020, the Group had concentration of credit risk as approximately 18% (31 March 2020: 23%) of the total trade receivables and contract assets was due from the Group's largest customer and approximately 48% (31 March 2020: 44%) of the total trade receivables and contract assets was due from the Group's five largest customers.

34. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables and contract assets arising from contracts with customers *(Continued)*

The Group's customer base consists of a wide range of customers and the trade receivables and contract assets are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and contract assets and recognises loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the period/year.

The Coronavirus Disease 2019 ("COVID-19") has affected the ability of the customers on an individual or collective basis. After the consideration of one credit-impaired customer, no significant default history of the remaining customers and the forward-looking factors, the management estimates that the ECL for trade receivables and contract assets is HK$649,000 (31 March 2020: HK$394,000).

The Group does not hold any collateral over trade receivables as at 31 December 2020 and 31 March 2020.

34. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Other receivables and deposits

The management of the Group considers that the other receivables and deposits have low credit risk based on its strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables and deposits is measured on 12-month ECL and reflects the short maturities of the exposures. In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past three years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables and deposits to be insignificant after taking into account the financial position and credit quality of the counterparties and thus no loss allowance was recognised for the nine months ended 31 December 2020 and the year ended 31 March 2020. There was no change in the estimation techniques or significant assumptions made during the reporting period.

Bank balances

The credit risk for bank balances is considered as not material as such amounts are placed in banks with good reputation.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

34. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g. trade receivables) and projected cash flows from operations.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents as well as adequate banking facilities to meet its operation needs at any time.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specially, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

34. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	On demand	1-3 months	3 months to 1 year	1-5 years	> 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020								
Non-derivative financial liabilities								
Trade and other payables	**N/A**	**—**	**29,143**	**—**	**—**	**—**	**29,143**	**29,143**
Bank borrowing	**6.60**	**311**	**—**	**—**	**—**	**—**	**311**	**267**
Promissory note	**5.00**	**—**	**—**	**250**	**5,500**	**—**	**5,750**	**5,104**
Lease liabilities	**3.92**	**—**	**3,350**	**9,614**	**20,080**	**—**	**33,044**	**30,728**
		311	**32,493**	**9,864**	**25,580**	**—**	**68,248**	**65,242**
As at 31 March 2020								
Non-derivative financial liabilities								
Trade and other payables	N/A	—	5,077	—	—	—	5,077	5,077
Bank borrowing	3.39	241	—	—	—	—	241	241
Lease liabilities	3.94	—	2,501	8,854	24,297	3,545	39,197	35,655
		241	7,578	8,854	24,297	3,545	44,515	40,973

34. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

Bank borrowing with a repayment on demand clause is included in the "Repayable on demand" time band in the above maturity analysis. As at 31 December 2020, the aggregate carrying amount of the bank borrowing was approximately HK$267,000 (31 March 2020: HK$241,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowing of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreement.

For the purpose of managing liquidity risk, the management of the Group reviews the expected cash flow information of the Group's bank borrowing based on the scheduled repayment dates set out in the bank borrowing agreement as set out in the table below:

	Weighted average effective interest rate	1-3 months	3 months to 1 year	1-5 years	> 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowing:							
As at 31 December 2020	6.60	58	175	78	—	311	267
As at 31 March 2020	3.39	241	—	—	—	241	241

Fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discount cash flows analysis.

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 31 December 2020 and 31 March 2020.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	**Lease liabilities**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2019	3,123	9,202	12,325
Financing cash flows *(note)*	(2,882)	(11,964)	(14,846)
New leases entered/lease modified	—	38,417	38,417
At 31 March 2020	241	35,655	35,896
Financing cash flows *(note)*	(324)	(7,984)	(8,308)
Acquisition of a subsidiary	350	2,699	3,049
New lease entered	—	358	358
At 31 December 2020	267	30,728	30,995

Note: The financing cash flows represented the net amount of repayment to bank borrowings and lease liabilities.

36. RELATED PARTY TRANSACTIONS

(a) Detail of amount due from a related party is as follows:

Name of related party	Balance as at 31 December 2020 HK$'000	Balance as at 31 March 2020 HK$'000	Maximum amount outstanding during the nine months ended 31 December 2020 HK$'000	Maximum amount outstanding during the year ended 31 March 2020 HK$'000
Cornerstone Renewable Energy Limited *(note (i))*	**—**	—	**1,390**	—

Note:

(i) This related company is controlled by Mr. Lau Wai Yan Lawson, an executive director of the Company, during the nine months ended 31 December 2020.

(b) In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, the Group had the following related party transactions during the nine months ended 31 December 2020 and the year ended 31 March 2020:

Name of related company	Nature of transactions	For the nine months ended 31 December 2020 HK$'000	For the year ended 31 March 2020 HK$'000
Global Window Limited *(Note (i))*	Depreciation *(Note (ii))*	**—**	1,520
Global Window Limited *(Note (i))*	Finance costs *(Note (ii))*	**—**	65
Cornerstone Wealth *(Note (iii))*	Acquisition of a subsidiary	**10,603**	—
Norenex *(Note (iv))*	Acquisition of a subsidiary	**28,248**	—
Norenex *(Note (iv))*	Interest on promissory note	**104**	—
Cornerstone Renewable Energy Limited	Management fee	**216**	—

36. RELATED PARTY TRANSACTIONS *(Continued)*

(b) *(Continued)*

Notes:

(i) This related company is controlled by Mr. So during the year ended 31 March 2019. Global Window Limited was no longer a related company of the Group upon Mr. So sold all of the shares held of Global Window Limited to an independent third party on 28 June 2019.

(ii) This represent the costs recognised upon the adoption of HKFRS 16 'Lease' in respect of its lease contracts entered into with Global Window Limited.

(iii) This related company is controlled by Mr. Lau Wai Yan Lawson, an executive director of the Company, during the nine months ended 31 December 2020.

(iv) This related company is controlled by the Ultimate Controlling Party during the nine months ended 31 December 2020.

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

	For the nine months ended 31 December 2020 *HK$'000*	For the year ended 31 March 2020 *HK$'000*
Salaries, allowances and benefits in kind	**4,817**	4,850
Contributions to defined contribution retirement scheme	**133**	161
	4,950	5,011

Further details of the directors' emoluments are set out in note 10 to the consolidated financial statements.

37. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY

Particulars of major subsidiaries of the Company at 31 December 2020 and 31 March 2020 are as follows:

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Attributable equity interest of the Group as at 31 December 2020	Attributable equity interest of the Group as at 31 March 2020	Principal activities
Directly held						
Elegance Printing Holding Limited ("Elegance Printing Holding BVI")	The BVI	8 February 2017	United States dollar ("US$") 11	**100%**	100%	Investment holding
Elegance Printing Services Holding Limited ("Elegance Printing Services Holding BVI")	The BVI	14 February 2017	US$11	**100%**	100%	Investment holding
Qing Heng Investment Limited ("Qing Heng Investment BVI")	The BVI	6 June 2018	US$1	**100%**	100%	Investment holding
Indirectly held						
Elegance Printing Company Limited	Hong Kong	15 April 1992	HK$17,893,428	**100%**	100%	Provision of printing services
Elegance Finance Printing Services Limited	Hong Kong	15 December 1994	HK$1,000	**100%**	100%	Provision of printing services, typesetting services, marketing and media services and investment holding
Elegance Document Solutions Limited	Hong Kong	31 October 1998	HK$5,000,000	**100%**	100%	Sales of paper and accessories, provision of courier services and machineries subletting to group companies

37. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Attributable equity interest of the Group as at 31 December 2020	Attributable equity interest of the Group as at 31 March 2020	Principal activities
Teamco Translation Limited	Hong Kong	28 November 1997	HK$1,500,000	**100%**	100%	Provision of translation services
Cornerstone EV Charging Service Limited	Hong Kong	10 July 2018	HK$15,007,852	**100%**	N/A	Provision for electric vehicle charging solutions services and sales of electric vehicle charging systems

None of the subsidiaries had issued any debt securities at 31 December 2020 and 31 March 2020 or at any time during the reporting period and prior year.

38. EVENTS AFTER THE REPORTING PERIOD

An aggregate of 49,625,000 placing shares have been successfully placed on 4 January 2021 at the placing price of HK$0.40 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing amounted to approximately HK$19.35 million. The Company intends to use the net proceeds of the placing for electric vehicle charging business development, commercial and financial printing business operation, working capital and general corporate purposes.

On 28 January 2021, a total of 28,428,000 share options were granted by the Company to eligible participants of the Group under the Share Option Scheme.

An aggregate of 69,625,000 subscription shares have been issued and allotted to the subscribers on 10 March 2021 at the subscription price of HK$0.40 per subscription share pursuant to the terms and conditions of the subscription agreement. The net proceeds from the subscription amounted to approximately HK$27.77 million. The Company intended to use the net proceeds of the subscription for electric vehicle charging business development, commercial and financial printing business operation, working capital and general corporate purposes.

The promissory note was early redeemed with principal amount and accrued interests amounted to approximately HK$5.2 million on 24 March 2021.

The COVID-19 has affected the operation of businesses globally and in varying degrees, the extent of which will depend on factors, including evolvement of the pandemic, macro policies, resumption of work and activities in enterprises, and may have a further impact on the industry as well as businesses of the Group to a certain extent. The Group has closely monitored the situation of COVID-19 and the Group's exposure to the risks and uncertainties in connection with the outbreak. The Group have also started assessment of its impact on the Group's operation and financial performance, maintained close communication with different stakeholders of the Group. Due to the inherent nature and unpredictability of future development and market sentiment, the actual financial impacts could be different depending on future development of the outbreak, government policies and measures in response to the outbreak. The directors of the Company consider that the financial effects on the Group's consolidated financial statements cannot be reasonably estimated as at the date these financial statements are authorised for issue, but will be reflected in the Group's future financial statements and beyond.

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Pursuant to the Hong Kong Companies Ordinance, the statement of financial position of the Company and the movements in its reserves is set out below:

	As at 31 December 2020 *HK$'000*	As at 31 March 2020 *HK$'000*
Non-current assets		
Investments in subsidiaries	**—***	—*
Current assets		
Amounts due from subsidiaries	**66,744**	3,446
Other receivables	**224**	203
Bank balances	**14,508**	30,769
	81,476	34,418
Current liability		
Other payables	**21,301**	420
Amounts due to subsidiaries	**5,538**	—
	26,839	420
Net current assets	**54,637**	33,998
Non-current liability		
Promissory note	**5,104**	—
NET ASSETS	**49,533**	33,998
Capital and reserves		
Share capital	**4,805**	4,400
Reserves	**44,728**	29,598
TOTAL EQUITY	**49,533**	33,998

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

The statement of financial position was approved and authorised for issue by the Board of Directors on 31 March 2021 and signed on its behalf by

LIANG Zihao	**LI Man Keung Edwin**
Director	*Director*

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Movement in the Company's reserves

	Share premium *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2019	52,821	(20,743)	32,078
Loss and total comprehensive expense for the year	—	(2,480)	(2,480)
At 31 March 2020 and 1 April 2020	52,821	(23,223)	29,598
Loss and total comprehensive expense for the period	—	(3,316)	(3,316)
Issue of shares pursuant to acquisition of a subsidiary	18,446	—	18,446
At 31 December 2020	71,267	(26,539)	44,728

Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last four financial years. The financial information for nine months ended 31 December 2020 and the year ended 31 March 2020/as at 31 December 2020 and 31 March 2020 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended/as at 31 March 2019, 2018 and 2017 is extracted from the Prospectus and pervious annual reports.

	For the nine months ended 31 December 2020	Results of the Group for the year ended 31 March			
		2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**40,909**	64,278	73,976	80,610	83,538
(Loss) profit before taxation	**(32,058)**	(17,268)	(7,751)	(7,894)	1,979
Income tax credit (expense)	**1,587**	985	182	(668)	18
(Loss) profit and total comprehensive (expense) income for the period/year	**(30,471)**	(16,283)	(7,569)	(8,562)	1,997
(Loss) profit and total comprehensive (expense) income for the period/year attributable to owners of the Company	**(30,471)**	(16,330)	(7,736)	(8,789)	1,900

Financial Summary

	As at 31 December	Assets and liabilities of the Group as at 31 March			
	2020	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	**89,892**	58,780	28,444	34,195	43,347
Current assets	**49,571**	67,916	88,122	37,911	56,297
Total assets	**139,463**	126,696	116,566	72,106	99,644
Current liabilities	**47,566**	21,790	18,670	23,848	31,180
Non-current liabilities	**28,441**	29,830	5,836	5,700	7,419
Net assets	**63,456**	75,076	92,060	42,558	61,045

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