Elegance Commercial and Financial Printing Group Limited

精雅商業財經印刷集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8391

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

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

Content

Corporate Information

EXECUTIVE DIRECTORS
Mr. So Wing Keung
(Chairman and Chief Executive Officer)
Mr. Leung Shu Kin

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Tam Pei Qiang
Mr. Kwong Chi Wing
Mr. Cheung Wai Lun Jacky

COMPLIANCE OFFICER
Mr. Leung Shu Kin

AUTHORISED REPRESENTATIVES
Mr. So Wing Keung
Mr. Ho Yui Pang

AUDIT COMMITTEE
Mr. Kwong Chi Wing *(Chairman)*
Mr. Tam Pei Qiang
Mr. Cheung Wai Lun Jacky

REMUNERATION COMMITTEE
Mr. Tam Pei Qiang *(Chairman)*
Mr. Leung Shu Kin
Mr. Cheung Wai Lun Jacky

NOMINATION COMMITTEE
Mr. Cheung Wai Lun Jacky *(Chairman)*
Mr. Leung Shu Kin
Mr. Kwong Chi Wing

COMPANY SECRETARY
Mr. Ho Yui Pang *(CPA, FCS)*

PRINCIPAL BANKER
The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank, Limited

REGISTERED OFFICE
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Rm 2402, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT
Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

HONG KONG LEGAL ADVISER
Raymond Siu & Lawyers

COMPLIANCE ADVISER
VBG Capital Limited
18th floor, Prosperity Tower
39 Queen's Road Central
Hong Kong

AUDITOR
Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

STOCK CODE
8391

WEBSITE
http://www.elegance.hk

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Elegance Commercial and Financial Printing Group Limited (the "Company"), I am pleased to present to you the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2018.

REVIEW

The Group is an established printing service provider principally engaged in the provision of commercial printing and financial printing services in Hong Kong. Since 1980, we have accumulated a strong, 38-year experience in the commercial printing industry in Hong Kong. Our customers for commercial printing include reputable banks, insurance companies, corporate customers and their advertising agents and fund houses. In 1995, leveraging on our strengths and reputation in the printing industry, we expanded our business into the provision of financial printing services for listed companies and listing applicants in Hong Kong.

2018 was a year of considerable achievement for the Group that celebrated its successful listing on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 May 2018 (the "Listing"). Since our commencement of business in April 1980, we are proud and excited to have reached this important milestone. Our market debut puts us in an even better position than before: As one of the leaders in the commercial and financial printing industry and with a clear strategy to capture the opportunities our dynamic market provides, the Listing enhances our capital strength and reinforces our resources, giving us the entrepreneurial flexibility necessary to lay the footing for future development. It is encouraging to note that we have received approximately 7.94 times over-subscription for the Company's shares offered to the public. I believe this was a testament to our solid foundation and our well-seasoned management's expertise in our industry.

The proceeds raised from the Listing have strengthened the Group's capital position, allowing the Group to progressively implement the business plans as disclosed in the section headed "Future plans and use of proceeds" of the prospectus of the Company dated 30 April 2018.

The Group's revenue decreased slightly by approximately 3.5% from approximately HK$83.5 million for the year ended 31 March 2017 to approximately HK$80.6 million for the year ended 31 March 2018, which was mainly attributable to the decrease in revenue from commercial printing services and financial printing services. As compared to a profit of approximately HK$2.0 million for the year ended 31 March 2017, the Group recorded a loss of approximately HK$8.6 million for the year ended 31 March 2018, mainly due to the one-off listing expenses of approximately HK$13.0 million (2017: HK$0.5 million). Excluding them, our net profit would have become HK$4.4 million for the year ended 31 March 2018 (2017: HK$2.5 million). The increase in our net profit (excluding listing expenses) reflected our efforts in cost control resulting in the increase in gross profit margin.

Chairman's Statement

OUTLOOK

Following the Listing, we are confident of our future prospects and aim to continue to expand our market share and strengthen our market position by pursuing the following business strategies: (i) to continue organic growth by consolidating existing customer relationships and developing new relationships; (ii) to acquire a permanent office premise for our business expansion of financial printing services; (iii) to upgrade hardware and software for our financial printing services; and (iv) to continue to attract and retain a team of top talents in the industry.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our new 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,

So Wing Keung
Chairman and Chief Executive Officer

Hong Kong, 25 June 2018

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Elegance Commercial and Financial Printing Group Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") is an established printing service provider principally engaged in the provision of commercial printing and financial printing services in Hong Kong. We have our own production base in Hong Kong to provide one-stop solutions to our customers from designing, typesetting, translation, printing, binding, lettershopping to direct mailing, etc..

The successful listing (the "Listing") of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 May 2018 was an important milestone for the Group, enhancing our capital strength and reinforcing the Group's resources for future development.

Our printing business is supported by our in-house printing production factory located at No. 8, A Kung Ngam Village Road, Shaukeiwan, Hong Kong, with a usable area of approximately 52,860.7 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 decreased slightly by approximately 1.6%, from approximately HK$56.1 million for the year ended 31 March 2017 to approximately HK$55.2 million for the year ended 31 March 2018. The decrease in revenue from a previous top customer was offset by the increase in printing revenue from other existing customers, printing of promotional and marketing materials and textbooks and related publication materials. The increase in revenue from printing of promotional and marketing materials and textbooks and related publication materials was primarily due to our marketing efforts to diversify our sales orders from banks and insurance companies and fund houses, which are our long-term major customer bases and the increased orders from the book publisher.

For financial printing services, the revenue from financial printing services decreased by approximately 8.2%, from approximately HK$25.6 million for the year ended 31 March 2017 to approximately HK$23.5 million for the year ended 31 March 2018. The decrease in revenue from financial printing services was mainly due to the decrease in revenue from financial reporting documents and compliance documents, which were mainly attributable to the decrease in the number of customers and the decrease in the number of corporate transactions of our customers. Such decrease was partly off-set by the increase in revenue from printing of IPO prospectuses and application forms, arising from the increase in the number of engagement of IPO projects secured by the Group.

Following the Listing and looking forward, we aim to continue to expand our market share and strengthen our market position, by pursuing the following business strategies: (i) to continue organic growth by consolidating existing customer relationship and developing new relationship; (ii) to acquire a permanent office premise for our business expansion of financial printing services; (iii) to upgrade hardware and software for our financial printing services; and (iv) to continue to attract and retain a team of top talents in the industry.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

We generate revenue from the provision of printing services in Hong Kong and it is classified into (i) commercial printing; (ii) financial printing; and (iii) others. Commercial printing service refers to printing services for our customers' needs of commercial paper printing product. Financial printing service ranges 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 primarily comprise of standalone ad hoc design and/or translation work ordered by corporate customers (which is not related to listing matters) on a case-by-case basis. The following table sets forth a breakdown of our revenue by service category for the years indicated.

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Commercial printing services	**55,247**	56,059
Financial printing services	**23,460**	25,605
Other services	**1,903**	1,874
	80,610	83,538

Our revenue decreased by approximately 3.5% from approximately HK$83.5 million for the year ended 31 March 2017 to approximately HK$80.6 million for the year ended 31 March 2018. As illustrated above, the reduction of revenue for the year ended 31 March 2018 as compared to last year was mainly due to the decrease in commercial printing services of approximately HK$0.8 million and financial printing services of approximately HK$2.1 million.

Commercial printing

For commercial printing services, the revenue decreased slightly by approximately 1.6%, from approximately HK$56.1 million for the year ended 31 March 2017 to approximately HK$55.2 million for the year ended 31 March 2018. The decrease in revenue from a previous top customer was offset by the increase in printing revenue from other existing customers, printing of promotional and marketing materials and textbooks and related publication materials. The increase in revenue from printing of promotional and marketing materials and textbooks and related publication materials was primarily due to our marketing efforts to diversify our sales orders from banks and insurance companies and fund houses, which are our long-time major customer bases and the increased orders from the book publisher.

Financial printing

For financial printing services, the revenue from financial printing services decreased by approximately 8.2%, from approximately HK$25.6 million for the year ended 31 March 2017 to approximately HK$23.5 million for the year ended 31 March 2018.

The decrease in revenue from financial printing services was mainly due to the decrease in revenue from financial reporting documents and compliance documents, which were mainly attributable to the decrease in the number of customers and the decrease in the number of corporate transactions of our customers. Such decrease was partly off-set by the increase in revenue from printing of IPO prospectuses and application forms, arising from the increase in the number of engagement of IPO projects secured by the Group.

Other services

Revenue from other services remained constant at approximately HK$1.9 million for the years ended 31 March 2017 and 2018.

Cost of services

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

Our cost of services decreased by approximately 10.5%, from approximately HK$61.7 million for the year ended 31 March 2017 to approximately HK$55.2 million for the year ended 31 March 2018. Such decrease was mainly attributable to the decrease in direct labour cost, production overheads and depreciation charge.

For the year ended 31 March 2018, the decrease in direct labour cost was mainly due to the reduction of the headcount of the production staff. The decrease in production overheads was attributable to the reduction in the subcontracting works due to the decrease in the subcontracting of low-end and labour intensive work. The decrease in depreciation was mainly due to the disposal of two colour press printing machines during the year ended 31 March 2017 and some machineries which were fully depreciated for the year ended 31 March 2018.

Gross profit and gross profit margin

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

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Revenue	**80,610**	83,538
Cost of services	**(55,158)**	(61,735)
Gross profit	**25,452**	21,803
Gross profit margin	**31.6%**	26.1%

For the years ended 31 March 2017 and 2018, our gross profit increased by approximately 17.0%, from approximately HK$21.8 million for the year ended 31 March 2017 to approximately HK$25.5 million for the year ended 31 March 2018, primarily because of the decrease in overall cost of services outweighing the decrease in sales. Our gross profit margin increased from approximately 26.1% for the year ended 31 March 2017 to approximately 31.6% for the year ended 31 March 2018, mainly attributable to (i) the reduction in the production overheads as a result of the reduction in the subcontracting works due to the decrease in the subcontracting of low-end and labour intensive work; (ii) the decrease in depreciation charge; and (iii) the reduction of direct labour cost arising from the reduction of the headcount of production staff.

Other income

Other income decreased by approximately 79.2%, from approximately HK$2.4 million for the year ended 31 March 2017 to approximately HK$0.5 million for the year ended 31 March 2018, mainly due to the absence of the recognition of the net gains on disposal of property, plant and equipment amounting to HK$1.1 million and reversal of impairment loss on amount due from a former related company amounting to HK$0.8 million for the year ended 31 March 2018.

Selling expenses

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

Selling expenses decreased by approximately 8.3%, from approximately HK$2.4 million for the year ended 31 March 2017 to approximately HK$2.2 million for the year ended 31 March 2018, which was attributable to the decrease in sales commission as a result of the decrease in revenue for the year ended 31 March 2018.

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 for our office premises and others.

Administrative expenses and other operating expenses decreased by approximately 3.2%, from approximately HK$18.9 million for the year ended 31 March 2017 to approximately HK$18.3 million for the year ended 31 March 2018, which were mainly attributable to the reduction of depreciation due to some property, plant and equipment being fully depreciated during the year ended 31 March 2018.

Finance costs

Our finance costs mainly represent interests on bank borrowings and finance charges on obligations under finance leases. Our finance costs decreased by approximately 25% from approximately HK$0.4 million for the year ended 31 March 2017 to approximately HK$0.3 million for the year ended 31 March 2018, primarily due to the decrease in bank borrowing interest arising from repayment of bank borrowings.

Listing expenses

Our listing expenses amounted to approximately HK$0.5 million and HK$13.0 million for the two years ended 31 March 2017 and 2018, respectively.

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 years ended 31 March 2017 and 2018.

Hong Kong profits tax has been provided at the rate of 16.5% on our Group's estimated assessable profits arising from Hong Kong for the years ended 31 March 2017 and 2018.

For the years ended 31 March 2017 and 2018, we recorded income tax credit of approximately HK$18,000 and income tax expense of approximately HK$0.7 million respectively, mainly due to (i) the increase in assessable profits as a result of adding back non-deductible expenses primarily related to the listing expenses incurred during the year ended 31 March 2018; (ii) the decrease in tax exempt revenue during the year ended 31 March 2018; and (iii) the absence of the utilisation of previously unrecognised tax losses during the year ended 31 March 2018.

(Loss) Profit and total comprehensive (loss) income for the year

We recorded a loss and total comprehensive loss of approximately HK$8.6 million for the year ended 31 March 2018 (2017: profit and total comprehensive income of approximately HK$2.0 million). If the listing expenses of approximately HK$0.5 million and HK$13.0 million incurred during the years ended 31 March 2017 and 2018 were excluded, we would have recorded profit and total comprehensive income of approximately HK$2.5 million and HK$4.4 million for the years ended 31 March 2017 and 2018.

Excluding listing expenses, our net profit margin (defined as dividing the profit and total comprehensive income for the year by revenue) would also have increased from approximately 3.0% for the year ended 31 March 2017 to 5.5% for the year ended 31 March 2018. The increases in our net profit and net profit margin primarily reflected our efforts in cost control resulting in the increase in gross profit margin, which boosted the net profit margin.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2018, total borrowings of the Group amounted to approximately HK$7.3 million (2017: approximately HK$13.9 million) which represented all borrowings, including bank borrowings and finance lease obligations. As at 31 March 2018, cash and bank balances of the Group amounted to approximately HK$10.4 million (2017: approximately HK$32.4 million). Details on the average interest rate and maturity profile of the Group's total borrowings, including bank borrowings and finance lease obligations, are set out in the notes 18, 19 and 28 to the consolidated financial statements.

As at 31 March 2018, the debt to equity ratio of the Group was nil (2017: nil), because our cash and cash equivalents were larger than our total debts as at 31 March 2017 and 2018. Debt to equity ratio is calculated by the net debt (all borrowings, including bank borrowings and finance lease obligations, net of cash and cash equivalents) divided by the total equity as at the end of the financial year. Current ratio as at 31 March 2018 was approximately 1.6 time (2017: approximately 1.8 time).

As at 31 March 2018, the gearing ratio of the Group was 17.1% (2017: 22.8%). Gearing ratio is calculated based on all borrowings (including bank borrowings and finance lease obligations) divided by total equity as at the end of the financial year.

The Group maintained sufficient working capital as at 31 March 2018 with cash and bank balances of approximately HK$10.4 million (2017: approximately HK$32.4 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 March 2018, the Group's net current assets amounted to approximately HK$14.1 million (2017: net current assets approximately HK$25.1 million). 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 March 2018, the Group did not have any significant contingent liabilities (2017: nil).

CAPITAL COMMITMENTS

As at 31 March 2018, the Group did not have significant capital commitments contracted but not provided for (2017: nil).

PLEDGE OF ASSETS

As at 31 March 2018, none of the Group's financial assets was pledged. The bank borrowings were drawn under banking facilities. The banking facilities were secured and guaranteed by (i) corporate guarantees, each of which amounted to HK$42,000,000 given by a subsidiary of the Company and a related company, Global Window Limited ("Global Window"), controlled by the Mr. So Wing Keung and (ii) personal guarantee amounted to HK$42,000,000 given by Mr. So Wing Keung. The corporate guarantee by Global Window was supported by (i) a legal charge over a printing production factory in Shaukeiwan, Hong Kong, which is a property owned by Global Window and (ii) an assignment of the printing factory rental income. The guarantees provided by Mr. So Wing Keung, a subsidiary and a related company were released and replaced by guarantees given by the Company and its subsidiary upon the Listing on 11 May 2018.

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 March 2017 and 2018, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure from time to time and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 March 2018, the Group did not have any significant investments (2017: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the date of this annual report, the Group did not have any other plans for material investments and capital assets except for those disclosed in the section headed "Future Plan and Use of Proceeds" in the prospectus of the Company dated 30 April 2018 ("Prospectus").

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2018, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save as disclosed in the Prospectus.

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 28 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:

Business Strategy as stated in the Prospectus of the Company	Implementation plans
Continue organic growth by solidifying existing customer relationship and developing new relationship	• recruit experienced sales staff • enhance and strengthen marketing activities
Acquire a permanent office space for financial printing services for our business expansion	• explore suitable premises
Upgrade and acquire new equipment, hardware and software for financial printing services	• acquire new software and hardware • conduct training for staff • upgrade IT server
Continue to attract and retain top talent in the industry	• recruit operation staff to support the growth of business

USE OF PROCEEDS

With reference to the announcement of the Company dated 10 May 2018, the net proceeds from the issue of new shares of the Company through the placing of 99,000,000 ordinary shares of HK$0.01 each and the public offer of 11,000,000 ordinary shares of HK$0.01 each in the share capital of the Company at the price of HK$0.6 per share (the "Share Offer"), after deduction of the related underwriting fees and commission and estimated expenses paid and payable by the Company in relation thereto, were approximately HK$41.0 million (the "Net Proceeds"). The Net Proceeds from the Share Offer will be applied as below, which is consistent with the intended use of proceeds as disclosed in the Prospectus:

— approximately HK$1.5 million, or 3.7%, will be used to continue organic growth by solidifying existing customer relationship and developing new relationship

— approximately HK$37.0 million, or 90.2%, will be used to acquire a permanent office space for financial printing services for our business expansion

— approximately HK$2.5 million, or 6.1%, will be used to upgrade and acquire new equipment, hardware and software for financial printing services

As of the date of this annual report, there were no changes of the business plans from those disclosed in the Prospectus and none of the Net Proceeds has been utilised.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. So Wing Keung (蘇永強) ("Mr. So"), aged 65, the founder of our Group, was appointed as our Director on 24 January 2017 and re-designated as our executive Director on 11 September 2017. Mr. So was appointed as the chairman of the Board of our Company on 11 September 2017. He is also the founder and a director of Elegance Printing Company Limited since April 1992, a director of Elegance Finance Printing Services Limited since February 1995, a director of Teamco Translation Limited since April 1998 and a director of Elegance Document Solutions Limited since December 1998. Mr. So is also a director of Elegance Printing Holding Limited and Elegance Printing Services Holding Limited since February 2017. He is also an authorised representative of the Company. He is primarily responsible for overall strategic planning and supervising daily operation of our Group.

Mr. So has over 38 years of experience in the printing industry in Hong Kong. Prior to establishing our Group in April 1992, Mr. So established "Elegance Printing Co." as a sole proprietorship in April 1980 which was engaged in the business of commercial printing.

Mr. So completed primary school education in Macau and commenced his career as a printing apprentice in 1967 thereafter. In early 1970s, Mr. So moved to Hong Kong to work as a printing technician in the printing industry until he established "Elegance Printing Co." as a sole proprietorship in April 1980.

Mr. Leung Shu Kin (梁樹堅) ("Mr. Leung"), aged 65, was appointed as our Director on 24 January 2017 and re-designated as our executive Director and compliance officer of our Company on 11 September 2017, and is primarily responsible for overall strategic planning internal control and supervising the financial printing aspects of our Group. He is a member of the remuneration committee and nomination committee. Mr. Leung joined our Group in February 1999 to primarily supervise the financial printing operation of our Group. Since then, Mr. Leung has over 19 years of experience in the printing industry. Prior to joining our Group, Mr. Leung has served in a number of internationally renowned banks and has accumulated abundant corporate and management experience. He worked at the Bank of America from July 1978 to May 1983 and then at The First National Bank of Boston, Hong Kong until April 1992, primarily responsible for corporate lending and credit control matters. In May 1992, he worked at Banco Seng Heng (誠興銀行) (currently known as Industrial and Commercial Bank of China (Macau)) as the group general manager until January 1994. After that, Mr. Leung focused on his own business, Parktrade Finance Company Limited and Parktrade Financial Consultants Limited, until he joined our Group in February 1999.

Mr. Leung has also been a director of Elegance Printing Company Limited since May 2001, a director of Elegance Finance Printing Services Limited since December 2001, a director of Teamco Translation Limited since December 2001 and a director of Elegance Document Solutions Limited since December 2001. Mr. Leung is also a director of Elegance Printing Holding Limited and Elegance Printing Services Holding Limited since February 2017.

Mr. Leung was an independent non-executive Director at China HKBridge Holdings Limited (formerly known as Topsearch International (Holdings) Limited) (stock code: 2323), a company listed on the Main Board of the Stock Exchange, from September 2004 to March 2016.

Mr. Leung graduated from the University of Windsor in May 1976 with a bachelor's degree in commerce and a bachelor's degree of arts majoring in economics. He obtained a master of business administration degree from the Chinese University of Hong Kong in November 1978.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Pei Qiang（譚沛強）("Mr. Tam"), aged 43, was appointed as an independent non-executive Director of our Company on 19 April 2018, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of the remuneration committee and a member of the audit committee.

Mr. Tam has approximately 19 years of experience in the areas of accounting, auditing and company secretarial works. From May 2005 to August 2014, Mr. Tam worked for Green Energy Group Limited (stock code: 0979), firstly as the financial controller, company secretary and authorised representative, and last held the positions of company secretary and authorised representative. From September 2014 to March 2015, Mr. Tam worked as the financial controller of China Nan Feng Properties Limited. From October 2015 to February 2017, Mr. Tam worked for Perfect Group International Holdings Limited (stock code: 3326), as the financial controller, company secretary and authorised representative. From August 2015 to January 2018, Mr. Tam was the financial controller of Henter Travel Development Limited. Since February 2018, Mr. Tam is the financial controller of Henter Properties Limited.

Mr. Tam obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic University in December 1999. Mr. Tam has been a member of the Association of Chartered Certified Accountants since May 2003 and a certified public accountant of the Hong Kong Institute of Certified Public Accountants since April 2005.

Mr. Kwong Chi Wing（鄺治榮）("Mr. Kwong"), aged 40, was appointed as an independent non-executive Director of our Company on 19 April 2018, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of the audit committee and a member of the nomination committee.

Mr. Kwong has experience in accounting, auditing, corporate finance and financial management. Since September 2001, Mr. Kwong has worked in a number of accounting firms and private and public companies, serving positions such as accountant, audit manager, and finance manager. From May 2012 to February 2014, Mr. Kwong served as the financial controller of Topping Win International Limited. From March 2014 to October 2015, he served as the financial controller of Global Swimwear Limited. Since November 2015, Mr. Kwong has served as the chief financial officer of Fook Tai Jewellery Group Limited.

Mr. Kwong obtained a higher diploma in accountancy from the City University of Hong Kong in November 1999 and a bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 2002. He has been an associate of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) since April 2004 and a fellow of the Association of Chartered Certified Accountants in May 2009.

Mr. Cheung Wai Lun Jacky (張偉倫) ("Mr. Cheung"), aged 44, was appointed as an independent non-executive Director of our Company on 19 April 2018, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of the nomination committee and a member of the remuneration committee and audit committee.

Mr. Cheung obtained a bachelor of laws degree and a postgraduate certificate in laws from The University of Hong Kong in November 1995 and June 1996 respectively. He was admitted as a solicitor of the High Court of Hong Kong in November 1998 and is currently a practising solicitor in Hong Kong. Mr. Cheung has over 17 years of post-qualification experience in the legal profession. From September 2001 to December 2007 and from November 2008 to September 2012, Mr. Cheung worked as a senior associate at Mayer Brown JSM (formerly known as JSM from January 2008 to April 2010 and Johnson Stokes & Master until January 2008), a Hong Kong-based law firm. From June 2013 to March 2015, he served as an associate and was further promoted to a partner in D.S. Cheung & Co., a law firm in Hong Kong. Since April 2015, Mr. Cheung has been a consultant at Loeb & Loeb LLP (formerly known as Pang & Co. in association with Loeb & Loeb LLP), a law firm in Hong Kong. Mr. Cheung has been an independent non-executive director of CHerish Holdings Limited (stock code: 2113) since September 2016, an independent non-executive director of Geotech Holdings Ltd. (stock code: 1707) since September 2017, an independent non-executive director of Kin Pang Holdings Limited (stock code: 1722) since November 2017, and an independent non-executive director of AV Promotions Holdings Limited (stock code: 8419) since December 2017.

SENIOR MANAGEMENT

Mr. Wong Kin Pong (黃建邦) ("Mr. Wong"), aged 59, is currently the senior operation director of our Group. Mr. Wong is primarily responsible for supervising operations, sales and quality control matters of printing matters of our Group.

Mr. Wong has over 35 years of experience in the printing industry in Hong Kong. He joined Mr. So'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 has also been 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 46, 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 23 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.

Ms. Eugenia Wong (黃懿君) ("Ms. Wong"), aged 43, is currently the translation operation director of our Company. Ms. Wong is primarily responsible for overseeing the translation operation and supervising the translation team of our Group.

Ms. Wong has accumulated over 17 years of experience in translation matters. She joined our Group in June 2000, serving various positions ranging from translator, senior translation manager to current position as the translation operation director.

Ms. Wong obtained a degree of bachelor of arts, double-majoring in English literature and comparative literature with first class honour from the University of Hong Kong in November 2000.

Ms. Kent Shun Ming (簡順明) ("Ms. Kent"), aged 51, is the chief financial officer of our Company, and oversees the financial and administrative functions of our Group.

Ms. Kent has over 22 years of experience in the printing industry and financial and administrative matters and over 28 years of experience in accounting. Prior to joining our Group, Ms. Kent worked at various accounting firms and companies between July 1989 and January 1996, holding posts ranging from junior audit clerk to assistant accountant, primarily responsible for accounting matters. She joined our Group in April 1996 and since then she has served as the internal accountant and financial and administrative manager, and subsequently promoted to the chief financial officer of our Group.

Ms. Kent obtained a diploma in accountancy from Sha Tin Technical Institute (沙田工業學院) in July 1989, and a master of business administration degree in part-time mode from Murdoch University in March 2000. She has been admitted as a certified public accountant since January 1998, and became a fellow of the Hong Kong Institute of Certified Public Accountants since July 2005.

Biographies of Directors and Senior Management

Mr. Ho Yui Pang (何銳鵬) ("Mr. Ho"), aged 32, was appointed as our company secretary and finance director on 2 May 2017. He is also currently an anthorised representative of the Company. He is primarily responsible for overseeing corporate secretarial duties and corporate governance matters of our Group and assisting the chief financial officer. Mr. Ho has over nine years of auditing, accounting and company secretarial experiences in international reputable accounting firms and listed companies. Mr. Ho worked in several international accounting firms from October 2008 to May 2013. Afterwards, from May 2013 to December 2013, Mr. Ho was an assistant finance manager and assistant company secretary of Hoifu Energy Group Limited (stock code: 0007). From March 2014 to October 2015, he worked in Town Ally Investment Company Limited, where he served in various positions including accounting manager, and the company secretary and authorised representative of China Demeter Financial Investment Limited (formerly known as China Demeter Investments Limited and Oriental Unicorn Agricultural Group Limited) (stock code: 8120). He joined China Green Holdings Limited (stock code: 0904) as an accounting manager between November 2015 and March 2017.

Mr. Ho obtained a bachelor of business degree majoring in accounting from the City University of Hong Kong in November 2008. Mr. Ho has also been admitted as a qualified accountant of Hong Kong Institute of Certified Public Accountants since May 2012 and a qualified company secretary of Hong Kong Institute of Chartered Secretaries since June 2016.

CORPORATE GOVERNANCE PRACTICES

The corporate governance practices of Elegance Commercial and Financial Printing Group 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").

The shares of the Company has been listed on GEM of the Stock Exchange on 11 May 2018 (the "Listing"). During the period from the Listing to the date of this annual report, the Company had complied with all the applicable code provisions of the Code, except the following deviation.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The roles of chairman and chief executive officer of our Company are both performed by Mr. So Wing Keung ("Mr. So"). We consider that having Mr. So acting as both our chairman and chief executive officer will provide a strong and consistent leadership to our Group and allow for more effective strategic planning and management of our Group. Further, in view of his experience in the industry, personal profile and role in our Group and historical development of our Group, we consider that it is to the benefit of the business prospects of our Group that Mr. So acts as both our chairman and chief executive officer. We consider that the balance of power and authority of the present arrangement will not be impaired as the Board comprises four other experienced and high-calibre individuals including one other executive Director and three independent non-executive Directors who would be able to offer advice from various perspectives. In addition, for major decisions of our Group, the Company will consult appropriate Board committees and senior management. Considering the present size and the scope of business of the Group, we consider that it is not in the best interest of the Company and Shareholders as a whole to separate the roles of the chairman and the chief executive officer, because the separation would render the decision-making process of the Company less efficient than the current structure. Therefore, our Directors consider that the present arrangement is beneficial to and in the interest of our Company and our Shareholders as a whole and the deviation from Code A.2.1 of the Code is appropriate in such circumstance.

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. So Wing Keung, Mr. Leung Shu Kin, Mr. Tam Pei Qiang, Mr. Kwong Chi Wing and Mr. Cheung Wai Lun Jacky 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 5.46 to 5.67 of the GEM Listing Rules (the "Standard of Dealings"), as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the Standard of Dealings from the date of Listing (i.e. 11 May 2018) and up to the date of this annual report.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 March 2018 and up to the date of this annual report are as follows:

Board of Directors

Executive Directors

Mr. So Wing Keung (appointed on 24 January 2017 and re-designated as Executive Director on 11 September 2017) (Chairman and Chief Executive Officer)

Mr. Leung Shu Kin (appointed on 24 January 2017 and re-designated as Executive Director on 11 September 2017)

Independent Non-Executive Directors

Mr. Tam Pei Qiang (appointed on 19 April 2018)

Mr. Kwong Chi Wing (appointed on 19 April 2018)

Mr. Cheung Wai Lun Jacky (appointed on 19 April 2018)

The brief biographic details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 16 to 20 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 from the date of Listing 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.

For the year ended 31 March 2018, no Board meeting, audit committee (the "Audit Committee") meeting, remuneration committee (the "Remuneration Committee") meeting, nomination committee (the "Nomination Committee") meeting and general meeting was held, as the Company was newly listed on 11 May 2018.

During the period from the date of Listing on 11 May 2018 to the date of this annual report, details of the attendance of the Board meeting, Audit Committee meeting, Remuneration Committee meeting, Nomination Committee meeting, 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. So Wing Keung	1/1	—	—	—	—
Mr. Leung Shu Kin	1/1	—	1/1	1/1	—
Independent Non-executive Directors					
Mr. Tam Pei Qiang	1/1	1/1	1/1	—	—
Mr. Kwong Chi Wing	1/1	1/1	—	1/1	—
Mr. Cheung Wai Lun Jacky	1/1	1/1	1/1	1/1	—

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 our 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 our Board; and (vi) to perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently consists of three members, namely Mr. Kwong Chi Wing (Chairman), Mr. Tam Pei Qiang and Mr. Cheung Wai Lun Jacky, all being independent non-executive Directors. The Group's final results for the year ended 31 March 2018 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 one meeting for the period from the date of Listing on 11 May 2018 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 year ended 31 March 2018, 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, Mr. Tam Pei Qiang (Chairman) and Mr. Cheung Wai Lun Jacky, both of whom being independent non-executive Directors, and Mr. Leung Shu Kin, 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 one meeting for the period from the date of Listing on 11 May 2018 to the date of this annual report. Details of the attendance of the Remuneration Committee meeting are set out above.

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

NOMINATION COMMITTEE

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

The Nomination Committee currently consists of three members, namely, Mr. Cheung Wai Lun Jacky (Chairman) and Mr. Kwong Chi Wing, both of whom being independent non-executive Directors and Mr. Leung Shu Kin, an executive Director. The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee held one meeting for the period from the date of Listing on 11 May 2018 to the date of this annual report. Details of the attendance of the Nomination Committee meeting are set out above.

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

DIVERSITY OF THE BOARD

The Group has adopted 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 Listing 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 statues and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. During the year ended 31 March 2018, the Directors had received induction training conducted by the Company's Hong Kong legal advisers in respect of their duties and responsibilities as a director of a listed company.

The Company will from time to time provide briefings to all Directors to refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses provided by legal advisers and/or any appropriated institutions at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors (including Directors' induction training) for the year ended 31 March 2018 and up to the date of this annual report are summarised as follows:

Name of Directors	Type of trainings
Mr. So Wing Keung	A, B
Mr. Leung Shu Kin	A, B
Mr. Tam Pei Qiang	A, B
Mr. Kwong Chi Wing	A, B
Mr. Cheung Wai Lun Jacky	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. Ho Yui Pang, a member of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries, has been appointed as the company secretary of the Company since May 2017.

All Directors have access to the advice and services of the company secretary. The company secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed, and for facilitating communications among Directors as well as with shareholders of the Company (the "Shareholders") and management. During the year ended 31 March 2018, the company secretary had taken no less than 20 hours of relevant professional training.

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 7 and 8 to the consolidated financial statements.

The remunerations of the Directors and senior management of the Group for the year ended 31 March 2018 fall within the following band:

Remuneration band	Number of directors and senior management
Nil to HK$1,000,000	10

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 Mazars CPA Limited as its auditor for the year ended 31 March 2018. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the auditors. During the year ended 31 March 2018, the fees paid/payable to Mazars CPA Limited in respect of its audit services and the professional services for acting as reporting accountants in relation to the listing provided to the Group for the year ended 31 March 2018 amounted to HK$0.8 million and HK$2.2 million, respectively.

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 adequating of these systems for the year ended 31 March 2018.

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

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

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

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

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

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

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

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

The Audit Committee reviewed the internal control review report issued by the independent consultancy company on the Company's risk management and internal control systems in respect of the year ended 31 March 2018 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 March 2018 as required under code provision C.2.5 of the Code. The Audit Committee and the Board, 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.elegance.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:

Elegance Commercial and Financial Printing Group Limited

Address:	Rm 2402, China Merchants Towers, 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

For the purpose of the Listing, the memorandum of association and the Articles were amended and conditionally adopted on 19 April 2018 and became effective from 11 May 2018. Save as disclosed, there had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2018 and up to the date of this annual report.

Report of the Directors

The board (the "Board") of directors (the "Directors") of Elegance Commercial and Financial Printing Group Limited (the "Company") presents herewith this report of the Directors together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2018.

GROUP REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 January 2017. Through a group reorganisation as disclosed in the section headed "History, Development and Reorganisation – Reorganisation" in the Company's prospectus dated 30 April 2018 (the "Prospectus"), the Company became the holding company of a number of intermediate holding companies and operating subsidiaries and the shares (the "Shares") of the Company were listed (the "Listing") on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 May 2018 (the "Listing Date") through placing and public offer of a total of 110,000,000 shares at the price of HK$0.60 per share (the "Share Offer").

Save as disclosed above, there has been no change in the capital structure of the Company during the year ended 31 March 2018 and up to the Listing Date.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company and its subsidiaries are printing services providers which principally engage in the provisions of printing, typesetting and translation services in Hong Kong.

The activities of its principal subsidiaries are set out in note 12 to the consolidated financial statements.

BUSINESS REVIEW AND FUTURE BUSINESS DEVELOPMENT

The business review and future business development of the Group for the year ended 31 March 2018 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 6 to 15 of this annual report. In addition, various financial risks have been disclosed in note 28 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 year ended 31 March 2018. All of the non-compliance incidents as disclosed in the Prospectus that are capable of being rectified had been rectified.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

The Group also maintains a good relationship with its suppliers. During the year ended 31 March 2018, no complaint was received from the suppliers, there were no disputed debts or unsettled debts and all the debts were settled on or before due dates or a later date as mutually agreed.

During the year ended 31 March 2018, 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.

Report of the Directors

EMPLOYEES

The Group had 100 employees (including the Directors) as at 31 March 2018 (2017: 106 employees) in Hong Kong. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance based bonus. The Group enters into standard employment contracts with its staff which contain provisions on intellectual property rights and confidentiality.

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

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

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

RESULTS AND APPROPRIATIONS

The financial results of the Group for the year ended 31 March 2018 and the financial positions of the Company and the Group as at 31 March 2018 are set forth in the audited consolidated financial statements on page 55 to 103 of this annual report.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last three financial years is set out on page 104 of this annual report. This summary does not form part of the audited consolidated financial statements in this annual report.

Report of the Directors

RESERVES

Movements in the reserves of the Group during the years ended 31 March 2017 and 2018 are set out in the consolidated statement of changes in equity on page 58 of this annual report.

DISTRIBUTABLE RESERVES

Details of movements during the years ended 31 March 2017 and 2018 in the reserves and reserves available for distribution to the Company's shareholders of the Group and the Company are set out on page 58 of this annual report and in note 24 to the consolidated financial statements. The Company did not have any distributable reserves as at 31 March 2018.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the years ended 31 March 2017 and 2018 are set out in note 13 to the consolidated financial statements in this annual report.

DONATIONS

During the year ended 31 March 2018, the Group did not make any charitable donations (2017: Nil).

SHARE CAPITAL

Details of movements in share capital of the Company during the years ended 31 March 2017 and 2018 are set out in note 22 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors who held office during the year ended 31 March 2018 and up to the date of this annual report are as follows:

Executive Directors

Mr. So Wing Keung ("Mr. So") (appointed on 24 January 2017 and re-designated as Executive Director on 11 September 2017) (Chairman and Chief Executive Officer)
Mr. Leung Shu Kin ("Mr. Leung") (appointed on 24 January 2017 and re-designated as Executive Director on 11 September 2017)

Independent Non-Executive Directors

Mr. Tam Pei Qiang (appointed on 19 April 2018)
Mr. Kwong Chi Wing (appointed on 19 April 2018)
Mr. Cheung Wai Lun Jacky (appointed on 19 April 2018)

In accordance with the articles of association of the Company (the "Articles"), Mr. So Wing Keung, Mr. Leung Shu Kin, Mr. Tam Pei Qiang, Mr. Kwong Chi Wing and Mr. Cheung Wai Lun Jacky 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 commencing from the Listing Date, 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 commencing from the Listing Date 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 16 to 20 of this annual report.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors during the year ended 31 March 2018 are set out in note 7 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"). The Company considers that all of the independent non-executive Directors are independent.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 March 2018 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 the end of the year or at any time during the year.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme" in this annual report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company subsisting during or at the end of the year ended 31 March 2018 and up to the Listing Date.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 32.5% and sales to the Group's largest customer amounted to approximately 11.3% of the total revenue for the year ended 31 March 2018, respectively. Purchases from the Group's five largest suppliers accounted for approximately 58.0% and purchases from the Group's largest supplier amounted to approximately 16.3% of the total purchases for the year ended 31 March 2018.

To the best knowledge of the Directors, neither the Directors, their close associates (as defined in the GEM Listing Rules), nor any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued Shares), had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended 31 March 2018.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2018, the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 20 of the GEM Listing Rules. Such transactions were the same as those set out in the related party transactions as disclosed in note 27 to the consolidated financial statements in this annual report.

Tenancy agreement relating to Hong Kong premises in Shaukeiwan

A tenancy agreement (the "Shaukeiwan Premises Tenancy Agreement") dated 31 March 2017 was entered into between Global Window Limited ("Global Window") as landlord, and Elegance Printing Company Limited ("Elegance Printing HK"), which is an indirect wholly-owned subsidiary of our Company, as tenant, pursuant to which Global Window agreed to lease to Elegance Printing HK the ground floor, first floor, second floor, third floor, fourth floor and fifth floor of No.8 A Kung Ngam Village Road, Shaukeiwan, Hong Kong, with a usable area of approximately 52,860.7 square feets, plus the right to use any three parking spaces in the building, as the Group's inhouse printing production factory, for a term of three years commencing on 1 April 2017 and ending on 31 March 2020 (both days inclusive) (the "Rental Period"). Elegance Printing HK has an option to renew the tenancy for a maximum period of three years by giving three months' prior written notice before expiry of the Rental Period, subject to the relevant laws, rules and regulations, the relevant requirements (including but not limited to reporting, announcement, independent shareholders' approval and annual review requirements (where applicable)) under the GEM Listing Rules or the Listing Rules (whichever is applicable to our Company). Monthly rent during the renewal term shall be adjusted on normal commercial terms for comparable space in the building at which the premises is situated and in other similar buildings in the same rental market in Shaukeiwan, Hong Kong as at the date of the renewal term is to commence.

Pursuant to the Shaukeiwan Premises Tenancy Agreement, Elegance Printing HK shall pay Global Window a monthly rent in the sum of HK$528,607 (inclusive of government rent and rates and management fees) during the Rental Period.

The Shaukeiwan Premises Tenancy Agreement may be terminated by a six-month prior written notice given by either party to the other.

Global Window is indirectly owned as to 90% and 10% by Mr. So and Mr. Leung, respectively. Mr. So and Mr. Leung are executive Directors and the controlling shareholders (as defined under the GEM Listing Rules) of our Company. Hence, Global Window is an associate of Mr. So and Mr. Leung, and is considered as a connected person of our Group under the GEM Listing Rules and the Shaukeiwan Premises Tenancy Agreement between Global Window and Elegance Printing HK constituted continuing connected transactions under the GEM Listing Rules.

Annual caps

The maximum amount of annual rent payable to Global Window by our Group for each of the three years ended/ending 31 March 2020 pursuant to the Shaukeiwan Premises Tenancy Agreement shall not exceed the annual caps set out below:

	For the year ended/ending 31 March		
	2018	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*
Rent payable	6,344	6,344	6,344

Basis for determining the annual caps

In determining the annual caps, our Directors have considered (i) the historical transaction amount; and (ii) the view of the independent property valuer that the rentals payable under the Shaukeiwan Premises Tenancy Agreement is consistent with market rent and comparable to the prevailing market rates of similar properties in the locality.

As Elegance Printing HK has been using the properties historically, our Directors are of the view that it is in the interest of our Group in terms of cost, time and stability to enter into the Shaukeiwan Premises Tenancy Agreement instead of finding and relocating to an alternative premise in particular given that it is the production base of our Group's printing business.

Our Directors confirm that the annual rental payable under the Shaukeiwan Premises Tenancy Agreement is determined on normal commercial terms and with reference to the prevailing market rates of similar properties in the locality.

Confirmations from independent non-executive Directors and reports from auditors

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that the transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company has engaged its auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 ("Revised") "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions set out above in accordance with Rule 20.54 of the GEM Listing Rule. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

As the Listing took place on 11 May 2018, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

DIVIDENDS

During the year ended 31 March 2018, the Group had declared and paid dividends of HK$9,925,000, (2017: HK$16,120,000) to the owners of the entities now comprising the Group prior to the Listing. The Board does not recommend the payment of a final dividend for the year ended 31 March 2018.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 March 2018.

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

The Listing took place on 11 May 2018.

As at the Listing Date and the date of this annual report, 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 Rule 5.46 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 Directors	Capacity	Number of shares or underlying shares held: Ordinary Shares	Share options	Total	Percentage of issued share capital
Mr. So Wing Keung ("Mr. So")	Deemed interest, interest in controlled company	330,000,000 Shares	—	330,000,000 Shares	75%

Note:

The shares are registered in the name of Glorytwin Limited ("Glorytwin"), the issue share capital of which is legally and beneficially owned as to 90% by Colorful Bay Limited ("Colorful Bay"). 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 Glorytwin.

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

Name of Directors	Name of associated corporation	Capacity	No. share(s) held	Percentage of issued share capital
Mr. So Wing Keung	Colorful Bay	Beneficial owner	1 Share	100%
Mr. So Wing Keung	Glorytwin	Deemed interest, interest in controlled company	100 Shares	100%

Note:

Glorytwin is legally and beneficially owned as to 90% by Colorful Bay. 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 Glorytwin.

Save as disclosed above, as at the Listing Date and the date of this annual report, 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 Rule 5.46 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 the Listing Date and the date of this annual report, 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
Glorytwin	Long position	Beneficial owner	330,000,000 Shares	75%
Colorful Bay	Long position	Deemed interest, interest in controlled company	330,000,000 Shares	75%

Note:

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 the Listing Date and the date of this annual report, 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, Our 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 our 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 this annual report and there was no share option outstanding as at 31 March 2018.

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

INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2018, 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, 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 since the Listing Date and up to the date of this annual report.

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 notified by the compliance adviser of the Company, VBG Capital Limited ("VBG"), as at 31 March 2018 and up to the Listing Date, save as (1) VBG's participation as the sole sponsor in relation to the Listing; (2) VBG's participation as one of the joint bookrunners and joint lead managers in relation to the Listing; and (3) the compliance adviser agreement entered into between the Company and VBG, neither VBG 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 21 to 32 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float under the GEM Listing Rules since the Listing Date and up to the latest practicable date prior to the issue of this annual report.

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

The consolidated financial statements for the year ended 31 March 2018 were audited by Mazars CPA Limited, *Certified Public Accountants*. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditor of the Company.

Report of the Directors

EVENTS AFTER THE REPORTING PERIOD

On 11 May 2018, the Shares were successfully listed on GEM of the Stock Exchange with stock code 8391. Save as disclosed, there is no significant event after the reporting period of the Group.

As from 31 March 2018 to the date of this report, save as disclosed in this report, the Board is not aware of any significant events that have occurred which require disclosure herein.

On behalf of the Board

Mr. So Wing Keung
Chairman and Chief Executive Officer

Hong Kong, 25 June 2018

Independent Auditor's Report

MAZARS
中审众环

MAZARS CPA LIMITED
中審眾環(香港)會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.hk

To the members of
Elegance Commercial and Financial Printing Group Limited
(formerly known as "Elegance Group Limited")
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Elegance Commercial and Financial Printing Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 55 to 103, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "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 for 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
Revenue recognition *Refer to Notes 2 and 4 to the consolidated financial statements.* The Group recognised revenue of approximately HK$80,610,000 (2017: HK$83,538,000) from the provision of integrated printing services for the year ended 31 March 2018. Revenue from service contract is recognised based on the stage of completion of the related contracts to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total estimated service cost of the contract which may require a significant degree of management judgement.	Our key audit procedures to assess the recognition of revenue included: (a) assessing the reasonableness of the methodology that management used in determining the stage of completion and estimated total service costs based on our knowledge of the Group's business and the industry practice on a sampling basis; (b) inspecting 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; (c) assessing the Group's revenue recognition based on a reasonable measurement of the progress of contracts towards completion of the contracts; and (d) checking the mathematical accuracy of the incurred costs to date and assessing reasonableness of judgements and estimates about budgeted costs to completion.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recognition of expenses for the initial listing of the shares of the Company *Refer to Note 2 to the consolidated financial statement.*	
Relevant costs incurred for the initial listing of the shares of the Company are allocated and classified among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue, on the basis that whether the costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively. During the year ended 31 March 2018, costs attributable to obtaining the listing status of approximately HK$13,010,000 (2017: HK$499,000) were charged to profit or loss. We have identified the above matter as a key audit matter because the classification and allocation of relevant costs incurred involves a significant degree of management judgement.	Our key audit procedures to assess the recognition of expenses included: (a) enquiring of the management on the bases of classification and allocation for the relevant costs and assessing the reasonableness of these bases with reference to the applicable accounting standards and guidelines; and (b) checking samples of expenses items that made up the total costs incurred for the initial listing of the shares of the Company to invoices and agreements to confirm the natures of the items and checking whether these items have been correctly classified and allocated accordingly to the bases determined by the management.

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. This report is made solely to you, as a body, 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 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 the 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 25 June 2018

The engagement director on the audit resulting in this independent auditor's report is:
Fung Shiu Hang
Practising Certificate number: P04793

Consolidated Statement of Comprehensive Income

Year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	4	**80,610**	83,538
Cost of services		**(55,158)**	(61,735)
Gross profit		**25,452**	21,803
Other income	5	**509**	2,414
Selling expenses		**(2,213)**	(2,408)
Administrative and other operating expenses		**(18,344)**	(18,899)
Finance costs	6	**(288)**	(432)
Listing expenses		**(13,010)**	(499)
(Loss) Profit before taxation	6	**(7,894)**	1,979
Income tax (expenses) credit	9	**(668)**	18
(Loss) Profit and total comprehensive (loss) income for the year		**(8,562)**	1,997
(Loss) Profit and total comprehensive (loss) income for the year attributable to:			
Owners of the Company		**(8,789)**	1,900
Non-controlling interests		**227**	97
		(8,562)	1,997
		HK cents	*HK cents*
(Loss) Earnings per share attributable to owners of the Company			
Basic and diluted	10	**(2.66)**	0.58

Consolidated Statement of Financial Position

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	13	**34,128**	43,277
Deferred tax assets	21	**67**	70
		34,195	43,347
Current assets			
Inventories	14	**2,391**	1,938
Amounts due from customers for service contracts	15	**1,089**	440
Trade and other receivables	16	**23,915**	21,346
Tax recoverable		**113**	179
Bank balances and cash		**10,403**	32,394
		37,911	56,297
Current liabilities			
Amounts due to customers for service contracts	15	**15**	500
Trade and other payables	17	**16,577**	16,445
Bank borrowings	18	**6,687**	12,293
Obligations under finance leases	19	**328**	1,008
Amount due to a director	20	**—**	168
Tax payable		**241**	766
		23,848	31,180
Net current assets		**14,063**	25,117
Total assets less current liabilities		**48,258**	68,464
Non-current liabilities			
Obligations under finance leases	19	**310**	638
Deferred tax liabilities	21	**5,390**	6,781
		5,700	7,419
NET ASSETS		**42,558**	61,045

Consolidated Statement of Financial Position

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Capital and reserves			
Share capital	22	—	—
Reserves	23	**42,186**	60,675
Equity attributable to owners of the Company		**42,186**	60,675
Non-controlling interests		**372**	370
TOTAL EQUITY		**42,558**	61,045

The consolidated financial statements on pages 55 to 103 were approved and authorised for issue by the Board of Directors on 25 June 2018 and signed on its behalf by

SO Wing Keung
Director

LEUNG Shu Kin
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2018

	Attributable to owners of the Company					
		Reserves				
	Share capital	Capital reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 22)	*(Note 23)*				
At 1 April 2016	—	18,029	57,093	75,122	273	75,395
Profit and total comprehensive income for the year	—	—	1,900	1,900	97	1,997
Transactions with owners						
Contributions and distributions						
Dividends *(Note 11)*	—	—	(16,120)	(16,120)	—	(16,120)
Arising from the Reorganisation *(Note)*	—	(227)	—	(227)	—	(227)
Total transactions with owners for the year	—	(227)	(16,120)	(16,347)	—	(16,347)
At 31 March 2017	—	17,802	42,873	60,675	370	61,045
At 1 April 2017	**—**	**17,802**	**42,873**	**60,675**	**370**	**61,045**
(Loss) Profit and total comprehensive (loss) income for the year	**—**	**—**	**(8,789)**	**(8,789)**	**227**	**(8,562)**
Transactions with owners						
Contributions and distributions						
Dividends *(Note 11)*	**—**	**—**	**(9,700)**	**(9,700)**	**(225)**	**(9,925)**
At 31 March 2018	**—**	**17,802**	**24,384**	**42,186**	**372**	**42,558**

Note: As part of the Reorganisation, the Group paid approximately HK$227,000 for the 9% equity interest of Teamco Translation held by the Ultimate Controlling Party in November 2016.

Consolidated Statement of Cash Flows

Year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
(Loss) Profit before taxation	**(7,894)**	1,979
Adjustments for:		
Depreciation	**9,276**	11,545
Interest income	**—**	(10)
Finance costs	**288**	432
Gain on disposal of property, plant and equipment, net	**—**	(1,121)
Reversal of impairment loss on amount due from a former related company	**—**	(808)
Operating cash inflows before movements in working capital	**1,670**	12,017
Changes in working capital:		
Inventories	**(453)**	(27)
Amounts due from customers for service contracts	**(649)**	(440)
Trade and other receivables	**(2,569)**	1,874
Amounts due to customers for service contracts	**(485)**	500
Trade and other payables	**121**	(2,034)
Cash (used in) generated from operations	**(2,365)**	11,890
Income tax paid	**(2,515)**	(990)
Interest received	**—**	10
Net cash (used in) from operating activities	**(4,880)**	10,910
INVESTING ACTIVITIES		
Repayment from a related company	**—**	2,454
Purchase of property, plant and equipment	**(127)**	(238)
Proceeds from disposal of property, plant and equipment	**—**	2,530
Net cash (used in) from investing activities	**(127)**	4,746

Consolidated Statement of Cash Flows

Year ended 31 March 2018

	2018 *HK$'000*	2017 *HK$'000*
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(5,606)**	(5,606)
Repayment of obligations under finance leases	**(1,008)**	(1,647)
Repayment from a related company	**—**	318
Repayment to related companies	**—**	(610)
Repayment to a director	**(168)**	—
Interest paid	**(277)**	(416)
Equity transaction arising from the Reorganisation	**—**	(227)
Dividends paid	**(9,925)**	(26,360)
Net cash used in financing activities	**(16,984)**	(34,548)
Net decrease in cash and cash equivalents	**(21,991)**	(18,892)
Cash and cash equivalents at beginning of year	**32,394**	51,286
Cash and cash equivalents at end of year, represented by bank balances and cash	**10,403**	32,394

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Elegance Commercial and Financial Printing Group Limited (formerly known as "Elegance Group Limited") (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 24 January 2017. The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is situated at 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.

In preparing for the initial listing of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Initial Listing"), the Group underwent a group reorganisation (the "Reorganisation") to rationalise the group structure. As a result of the Reorganisation, the Company became the holding company of the Group on 30 April 2017. Details of the Reorganisation are more fully explained in the paragraph headed "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" of the prospectus of the Company dated 30 April 2018 (the "Prospectus").

The shares of the Company were listed on GEM of the Stock Exchange on 11 May 2018.

The Group resulting from the Reorganisation is regarded as a continuing entity under the common control of Mr. So Wing Keung (the "Ultimate Controlling Party") prior to and after the Reorganisation, and that control is not transitory. Accordingly, the consolidated financial statements for the year ended 31 March 2018 (and the comparative information for the year ended 31 March 2017) have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger accounting under common control combination" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the years ended 31 March 2018 and 2017 have been prepared on the basis as if the current group structure has been in existence throughout the relevant years, or since the respective dates of incorporation or establishment, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2017 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure has been in existence at the date.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong.

The consolidated financial statements also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The Group has consistently applied all HKFRSs which are effective for the Group's financial year beginning on 1 April 2016 for the consolidated financial statements, except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as set out below.

Adoption of new/revised HKFRSs

Amendments to HKAS 7: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of the amendments results in the additional disclosures in Note 26(b) to the consolidated financial statements.

Amendments to HKAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify, among others, how to account for deferred tax assets related to debt instruments measured at fair value.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group in preparing the consolidated financial statements is set out below.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

Basis of consolidation/combinations

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

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

The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation/combinations *(Continued)*

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the Ultimate Controlling Party's interest. The combined statements of comprehensive income includes the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

2. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position as set out in Note 24 to the consolidated financial statements, investments in subsidiaries are stated at cost less impairment loss, if any. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and/or receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately:

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

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the terms of the leases.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) Loans and receivables

Loans and receivables including trade and other receivables and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Classification and measurement *(Continued)*

(2) Financial liabilities

The Group's financial liabilities include trade and other payables, amount due to a director, bank borrowings and obligations under finance leases. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue from provision of integrated commercial and financial printing services income, and other services income is recognised when (i) the services are provided and the transactions can be measured reliably; (ii) it is probable that the economic benefits associated with the transaction will flow to the Group; and (iii) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from service contract is recognised based on the stage of completion of the contracts as described in the accounting policy for service contracts below. The recognition of revenue on this basis provides information about the extent of service activities and performance at the end of the reporting period as integrated printing services are spanned for months and sometimes across different reporting periods.

2. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

Revenue recognition *(Continued)*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Service contracts

Where the outcome of a service contract can be estimated reliably, service revenue is recognised over the period of the contract by reference to the stage of completion of service contract activity at the end of each of the reporting period. When the outcome of a service contract cannot be estimated reliably, service revenue is recognised only to the extent of service costs incurred that are likely to be recoverable.

The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total estimated service cost of the contract.

The Group presents as an asset the gross amounts due from customers on service contracts for all service contracts in progress for which service costs incurred plus recognised profits exceed progress billings and amounts received. The Group presents as a liability the gross amounts due to customers on service contracts in progress for which the progress billings and amounts received exceed the service costs incurred plus recognised profits. Progress billings not yet paid by customers are included within trade and other receivables.

2. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that property, plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

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 cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee *(Continued)*

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme 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.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgments

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgments *(Continued)*

(a) Key sources of estimation uncertainty

Estimation of useful lives of property, plant and equipment

The management determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges.

Impairment of trade and other receivables

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the trade receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

Contracts for services

The Group recognises certain contract revenue on the rendering of services by reference to the stage of completion of the contract activities at the end of the reporting period when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs to be incurred under the transaction. Significant assumptions are required to estimate the total contract costs and/or the stage of completion, and the recoverable variation works (if any) that will affect the stage of completion. The estimates are made based on past experience and knowledge of management.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgments *(Continued)*

(b) Critical judgement made in applying accounting policies

Recognition of costs for the Initial Listing

The management determines the allocation and classification of relevant costs incurred for Initial Listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue based on its judgement on whether such costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively. During the year ended 31 March 2018, costs attributable to obtaining the listing status of approximately HK$13,010,000 (2017: HK$499,000) were charged to profit or loss.

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Annual Improvements to HKFRSs	2014 – 2016 Cycle: HKFRS 1 and HKAS 28(1)
Amendments to HKAS 40	Transfers of Investment Property(1)
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions(1)
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts(1)
HKFRS 9	Financial Instruments(1)
HKFRS 15	Revenue from Contracts with Customers(1)
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration(1)
Annual Improvements to HKFRSs	2015 – 2017 Cycle(2)
HKFRS 16	Leases(2)
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments(2)
Amendments to HKAS 19	Employee benefits(2)
Amendments to HKAS 28	Investments in Associates and Joint Ventures(2)
Amendments to HKFRS 9	Prepayment Features with Negative Compensation(2)
HKFRS 17	Insurance Contracts(3)
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(4)

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Future changes in HKFRSs *(Continued)*

(1) Effective for annual periods beginning on or after 1 January 2018
(2) Effective for annual periods beginning on or after 1 January 2019
(3) Effective for annual periods beginning on or after 1 January 2021
(4) The effective date to be determined

Except for HKFRS 9, HKFRS 15 and HKFRS 16 as set out below, the management of the Group does not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is the impairment of financial assets, of which HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the management of the Group preliminarily anticipates that the application of HKFRS 9 in the future may have an impact of the Group's financial assets. In particular, the expected credit loss model may result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, based on the credit condition and the expected settlement patterns of the Group's debtors, it is not anticipated the initial adoption of HKFRS 9 will have a material impact on the Group's financial position and financial performance.

HKFRS 15 Revenue from Customers

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Future changes in HKFRSs *(Continued)*

HKFRS 15 Revenue from Customers *(Continued)*

Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The management of the Group preliminarily considers that the performance obligations that may be identified under HKFRS 15 are similar to the current identification of revenue components under the Group's existing revenue recognition policy developed under HKAS 18 and the Group will adopt the "input methods" under HKFRS 15 in measuring the percentage of completion with reference to the actual staff costs incurred and materials consumed, as appropriate, for revenue arising from services contracts. Therefore, the adoption of HKFRS 15 in the future will have no significant impact on recognition of revenue in respect of amount and timing. However, the application of HKFRS 15 in future may result in more disclosures.

HKFRS 16 Leases

HKFRS 16 significantly changes the lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. Besides, among other changes, it requires enhanced disclosures to be provided by lessees and lessors. Based on the preliminary assessment, the management is of the opinion that the leases of certain properties by the Group which are currently classified as operating leases under HKAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with HKFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognised under HKAS 17. Apart from the effects as outlined above, it is not expected that HKFRS 16 will have a material impact on the future financial position, financial performance and cash flows of the Group upon adoption.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Future changes in HKFRSs *(Continued)*

HKFRS 16 Leases *(Continued)*

As set out in Note 30 to the consolidated financial statements, as at 31 March 2018, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of premises amounted to approximately HK$9,787,000 (2017: HK$15,457,000). The management of the Company does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expenses on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated statement of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's consolidated statement of cash flows.

3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the end of each of the reporting period, as the Group manages 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 each of the reporting period is derived from Hong Kong and all of the Group's assets and liabilities are located in Hong Kong.

3. SEGMENT INFORMATION *(Continued)*

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A	**Note**	10,710
Customer B	**9,083**	8,728

Note: The customer contributed less than 10% of the total revenue of the Group for the respective year.

4. REVENUE

	2018	2017
	HK$'000	*HK$'000*
Commercial printing services	**55,247**	56,059
Financial printing services	**23,460**	25,605
Other services *(Note)*	**1,903**	1,874
	80,610	83,538

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

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Exchange gain, net	**55**	—
Gain on disposal of property, plant and equipment, net	**—**	1,121
Interest income	**—**	10
Reversal of impairment loss on amount due from a former related company	**—**	808
Sundry income	**454**	475
	509	2,414

6. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2018	2017
	HK$'000	*HK$'000*
Finance costs		
— Interest on bank borrowings	**263**	378
— Finance charges on obligations under finance leases	**25**	54
	288	432
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**26,823**	28,606
— Contributions to defined contribution plans	**1,521**	1,594
Total staff costs	**28,344**	30,200
Other items		
Auditor's remuneration	**800**	195
Cost of inventories *(Note)*	**55,158**	61,735
Depreciation	**9,276**	11,545
Exchange (gain) loss, net	**(55)**	54
Gain on disposal of property, plant and equipment, net	**—**	(1,121)
Operating lease charges for premises	**11,626**	11,757
Reversal of impairment loss on amount due from a former related company	**—**	(808)

Note: During the year ended 31 March 2018, cost of inventories included approximately HK$33,466,000 (2017: HK$36,773,000) relating to the aggregate amount of certain staff costs, depreciation and operating lease charges, which were included in the respective amounts as disclosed above.

7. DIRECTORS' EMOLUMENTS

The Company was incorporated in the Cayman Islands on 24 January 2017 and Mr. So Wing Keung and Mr. Leung Shu Kin were appointed as directors of the Company on 24 January 2017 and re-designated as executive directors of the Company on 11 September 2017. Mr. So Wing Keung was appointed as the chairman and chief executive officer of the Company on 11 September 2017.

Mr. Tam Pei Qiang, Mr. Kwong Chi Wing and Mr. Cheung Wai Lun Jacky were appointed as independent non-executive directors of the Company on 19 April 2018.

Certain directors of the Company received remuneration from the entities now comprising the Group during the years ended 31 March 2018 and 2017 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 years ended 31 March 2018 and 2017 are set out below.

Year ended 31 March 2018

	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. So Wing Keung	**—**	**—**	**—**	**—**	**—**
Mr. Leung Shu Kin	**—**	**720**	**80**	**36**	**836**
	—	**720**	**80**	**36**	**836**

Year ended 31 March 2017

	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. So Wing Keung	—	—	—	—	—
Mr. Leung Shu Kin	—	720	80	36	836
	—	720	80	36	836

During the years ended 31 March 2018 and 2017, 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 waived or agreed to waive any remuneration during the years ended 31 March 2018 and 2017.

8. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 March 2018 and 2017 is as follows:

	Number of individuals	
	2018	2017
Director	**1**	1
Non-director	**4**	4
	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2018	2017
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**3,063**	2,960
Contributions to defined contribution plans	**122**	122
	3,185	3,082

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Number of individuals	
	2018	2017
Nil to HK$1,000,000	**4**	4

During the years ended 31 March 2018 and 2017, no remuneration was paid by the Group to any of these highest paid non-director individuals 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 years ended 31 March 2018 and 2017.

9. TAXATION

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

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong for the years ended 31 March 2018 and 2017.

	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax:		
Current year	**2,214**	1,899
Overprovision in prior year	**(158)**	(40)
	2,056	1,859
Deferred taxation	**(1,388)**	(1,877)
Income tax expenses (credit)	**668**	(18)

Reconciliation of income tax expenses (credit)

	2018	2017
	HK$'000	*HK$'000*
(Loss) Profit before taxation	**(7,894)**	1,979
Income tax at applicable income tax rate	**(1,303)**	327
Non-deductible expenses	**2,165**	86
Tax exempt revenue	**(18)**	(206)
Utilisation of previously unrecognised tax losses	**—**	(265)
Overprovision in prior year	**(158)**	(40)
Others	**(18)**	80
Income tax expenses (credit)	**668**	(18)

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the following data:

	2018	2017
	HK$'000	*HK$'000*
(Loss) Profit:		
(Loss) Profit for the purpose of calculating basic (loss) earnings per share	(8,789)	1,900
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	330,000	330,000

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share was on the basis as if the Reorganisation and Capitalisation Issue (as defined in Note 22 to the consolidated financial statements) had been effective on 1 April 2016.

Diluted (loss) earnings per share are same as the basic (loss) earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 March 2018 and 2017.

11. DIVIDENDS

During the year ended 31 March 2018, dividends of HK$9,925,000 (2017: HK$16,120,000) were declared and paid to the owners of the entities now comprising the Group.

Other than disclosed in the consolidated statement of cash flows and above, no dividend was paid or declared by any group entities during the years ended 31 March 2018 and 2017.

12. SUBSIDIARIES

Details of the subsidiaries at end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Equity interest attributable to the Company	Principal activities
Directly held					
Elegance Printing Holding Limited ("Elegance Printing Holding BVI")	The BVI	8 February 2017	United States dollar ("US$") 11	100%	Investment holding
Elegance Printing Services Holding Limited ("Elegance Printing Services Holding BVI")	The BVI	14 February 2017	US$11	100%	Investment holding
Indirectly held					
Elegance Printing Company Limited	Hong Kong	15 April 1992	HK$17,893,428	100%	Provision of printing services
Elegance Finance Printing Services Limited	Hong Kong	15 December 1994	HK$1,000	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%	Sales of paper and accessories, provision of courier services and machineries subletting to group companies
Teamco Translation Limited ("Teamco Translation")	Hong Kong	28 November 1997	HK$1,500,000	85%	Provision of translation services

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Reconciliation of carrying amount — year ended 31 March 2017					
At 1 April 2016	154	53,596	1,052	570	55,372
Additions	—	635	224	—	859
Disposals	—	(1,409)	—	—	(1,409)
Depreciation	(58)	(10,713)	(571)	(203)	(11,545)
At 31 March 2017	96	42,109	705	367	43,277
Reconciliation of carrying amount — year ended 31 March 2018					
At 1 April 2017	**96**	**42,109**	**705**	**367**	**43,277**
Additions	**—**	**—**	**127**	**—**	**127**
Depreciation	**(40)**	**(8,709)**	**(364)**	**(163)**	**(9,276)**
At 31 March 2018	**56**	**33,400**	**468**	**204**	**34,128**
At 31 March 2017					
Cost	4,810	106,722	12,537	1,034	125,103
Accumulated depreciation	(4,714)	(64,613)	(11,832)	(667)	(81,826)
Net carrying amount	96	42,109	705	367	43,277
At 31 March 2018					
Cost	**4,810**	**106,722**	**12,507**	**1,034**	**125,073**
Accumulated depreciation	**(4,754)**	**(73,322)**	**(12,039)**	**(830)**	**(90,945)**
Net carrying amount	**56**	**33,400**	**468**	**204**	**34,128**

The carrying amount of plant and machinery includes an amount of approximately HK$619,000 (2017: HK$1,543,000) in respect of assets held under finance leases as at 31 March 2018.

14. INVENTORIES

	2018 HK$'000	2017 HK$'000
Raw materials	**2,277**	1,754
Work in progress	**114**	184
	2,391	1,938

15. AMOUNTS DUE FROM/TO CUSTOMERS FOR SERVICE CONTRACTS

	2018 HK$'000	2017 HK$'000
Contracts in progress		
Contract costs incurred plus recognised profits less recognised losses to date	**2,126**	941
Less: progress billings and amounts received	**(1,052)**	(1,001)
	1,074	(60)

	2018 HK$'000	2017 HK$'000
Analysed for reporting purposes as:		
Amounts due from customers for service contracts	**1,089**	440
Amounts due to customers for service contracts	**(15)**	(500)
	1,074	(60)

As at 31 March 2018 and 2017, no retention was held by customers on service contracts. All the amounts due from/to customers for service contracts are expected to be recovered/settled within one year.

16. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**15,548**	13,034
Other receivables		
Prepayments *(Note)*	**3,404**	5,032
Deposits and other receivables	**4,963**	3,280
	8,367	8,312
	23,915	21,346

Note: The amount included prepaid listing expenses of approximately HK$2,879,000 as at 31 March 2018 (2017: HK$4,985,000).

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The average credit period granted was ranging from 7 to 60 days. At the end of the reporting period, the ageing analysis of trade receivables based on invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Less than 30 days	**10,043**	9,574
31 to 60 days	**3,415**	1,863
61 to 90 days	**1,292**	686
Over 90 days	**798**	911
	15,548	13,034

16. TRADE AND OTHER RECEIVABLES *(Continued)*

At the end of the reporting period, the ageing analysis of trade receivables which are past due but not impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**9,754**	6,350
Past due:		
Less than 30 days	**4,609**	5,208
31 to 60 days	**494**	622
61 to 90 days	**461**	559
Over 90 days	**230**	295
	5,794	6,684
	15,548	13,034

The trade receivables that are past due but not impaired related to a number of independent customers that have a good track record with the Group. The Group has not recognised impairment on these balances as there has not been a significant change in credit quality and the directors believe that the amounts are recoverable. The Group does not hold any collateral over these balances.

Receivables that are neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

17. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**3,548**	3,427
Other payables		
Accruals and other payables *(Note)*	**5,379**	4,068
Receipts in advance	**7,650**	8,950
	13,029	13,018
	16,577	16,445

Note: The amount included accrued listing expenses of approximately HK$2,619,000 as at 31 March 2018 (2017: Nil).

The trade payables are non-interest bearing and the Group is normally granted with credit terms ranging from 30 to 90 days.

The ageing analysis of trade payables, at the end of the reporting period based on the invoice date, is as follows:

	2018 HK$'000	2017 HK$'000
Less than 30 days	**2,210**	2,175
31 to 60 days	**806**	649
61 to 90 days	**515**	184
91 to 120 days	**17**	419
	3,548	3,427

18. BANK BORROWINGS

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

	2018	2017
	HK$'000	*HK$'000*
Bank borrowings — secured	**6,687**	12,293
Carrying amounts of bank borrowings that are repayable *(Note)*		
Within one year	**3,564**	5,606
More than one year, but not exceeding two years	**2,882**	3,563
More than two years, but not exceeding five years	**241**	3,124
Amounts shown under current liabilities	**6,687**	12,293

Note: All bank borrowings contain a repayment on demand clause and are shown under current liabilities. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

As at 31 March 2018, the bank borrowings bore a floating interest rate at 1 month's Hong Kong Inter-bank Offered Rate plus 2% or 2.25% per annum. The effective interest rate on bank borrowings as at 31 March 2018 is approximately 2.84% (2017: 2.58%) per annum.

The bank borrowings are drawn under banking facilities. The banking facilities are secured and guaranteed by (i) corporate guarantees, each of which amounted to HK$42,000,000 given by a subsidiary of the Company and a related company, Global Window Limited ("Global Window"), controlled by the Ultimate Controlling Party and (ii) personal guarantee amounted to HK$42,000,000 given by the Ultimate Controlling Party. The corporate guarantee by Global Window is supported by (i) a legal charge over a printing production factory in Shaukeiwan, Hong Kong, which is a property owned by Global Window and (ii) an assignment of the printing factory rental income.

The guarantees provided by the Ultimate Controlling Party, a subsidiary and a related company were released and replaced by guarantees given by the Company and its subsidiary upon the Initial Listing on 11 May 2018.

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.

18. BANK BORROWINGS *(Continued)*

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 28 to the consolidated financial statements. As at 31 March 2018 and 2017, none of the covenants relating to drawn down facilities had been breached.

19. OBLIGATIONS UNDER FINANCE LEASES

At the end of the reporting period, the Group had obligations under finance leases repayable as follows:

	Minimum lease payments		**Present value of minimum lease payments**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable:				
Within one year	**339**	1,034	**328**	1,008
In the second to fifth years inclusive	**319**	658	**310**	638
	658	1,692	**638**	1,646
Future finance charges	**(20)**	(46)	**—**	—
Present value of lease obligations	**638**	1,646	**638**	1,646
Amount due for settlement within 12 months			**328**	1,008
Amount due for settlement after 12 months			**310**	638
			638	1,646

The Group leases a range of machineries under finance leases with average lease term of five years and are secured by the lessor's charge over the leased assets.

As at 31 March 2018, the effective interest rates for the obligations under finance leases are 2.61% (2017: 2.28%) per annum.

20. AMOUNT DUE TO A DIRECTOR

The amount due to a director was non-trade related, repayable on demand, unsecured and interest-free. The amount was fully settled in May 2017.

21. DEFERRED TAXATION

The following is the deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 March 2018 and 2017.

	Accelerated accounting depreciation	**Accelerated tax depreciation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2016	62	(8,650)	(8,588)
Credit to profit or loss	8	1,869	1,877
At 31 March 2017 and 1 April 2017	**70**	**(6,781)**	**(6,711)**
(Charge) Credit to profit or loss	**(3)**	**1,391**	**1,388**
At 31 March 2018	**67**	**(5,390)**	**(5,323)**

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

	2018	2017
	HK$'000	*HK$'000*
Deferred tax assets	**67**	70
Deferred tax liabilities	**(5,390)**	(6,781)
	(5,323)	(6,711)

22. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 24 January 2017. Upon its incorporation, the authorised share capital of HK$380,000 was divided into 38,000,000 ordinary shares at HK$0.01 each and 1 ordinary share of HK$0.01 was issued to and paid up by the Ultimate Controlling Party.

Pursuant to the resolution of the shareholders passed on 19 April 2018, inter-alia, the authorised share capital of the Company was increased from HK$380,000 to HK$1,000,000,000 by the creation of additional 99,962,000,000 shares of HK$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.

Pursuant to the resolutions in writing of the Company's shareholders passed on 19 April 2018, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 329,999,999 shares of HK$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK$3,299,999.99 standing to the credit of the share premium account of the Company (the "Capitalisation Issue") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 11 May 2018.

On 11 May 2018, the shares of the Company were listed on GEM of the Stock Exchange and 110,000,000 new ordinary shares of HK$0.01 each were issued at HK$0.6 per share by way of share offer. The gross proceeds from the share offer amounted to HK$66,000,000.

23. RESERVES

Capital reserve

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 Reorganisation.

24. STATEMENT OF FINANCIAL POSITION 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:

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Investments in subsidiaries	24(a)	—*	—*
Current assets			
Amounts due from subsidiaries	24(b)	200	—
Other receivables		2,879	—
Bank balances		71	—
		3,150	—
Current liabilities			
Amount due to a subsidiary	24(b)	13,363	—*
Other payables		2,619	—
		15,982	—*
Net current liabilities		(12,832)	—*
NET LIABILITIES		(12,832)	—*
Capital and reserves			
Share capital		—*	—*
Accumulated losses	24(c)	(12,832)	—*
TOTAL DEFICIENCY		(12,832)	—*

* Represent amounts less than HK$1,000.

The statement of financial position was approved and authorised for issue by the Board of Directors on 25 June 2018 and signed on its behalf by

SO Wing Keung
Director

LEUNG Shu Kin
Director

24. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Investments in subsidiaries

Investments in subsidiaries represent 100% of the issued share capital of Elegance Printing Holding BVI and Elegance Printing Services Holding BVI.

(b) Amounts due from/to subsidiaries

The amounts due are unsecured, interest-free and repayable on demand.

(c) Accumulated losses of the Company

	Accumulated losses
	HK$'000
At 24 January 2017 (date of incorporation)	—
Loss for the period and total comprehensive loss for the period	—*
At 31 March 2017	—*
Loss for the year and total comprehensive loss for the year	**(3,132)**
Transactions with owners	
Contributions and distributions	
Dividends *(Note 11)*	**(9,700)**
At 31 March 2018	**(12,832)**

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

During the years ended 31 March 2018 and 2017, certain corporate administrative expenses of the Company and listing expenses were borne by the subsidiaries of the Company without recharge.

25. RETIREMENT BENEFITS SCHEME

Defined contribution plans

The Group joins an Occupational Retirement Schemes Ordinance scheme (the "ORSO 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.

26. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 March 2017, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$621,000.

(b) Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 March 2018 and 2017 in the Group's liabilities arising from financing activities are as follows:

Year ended 31 March 2018

			Non-cash changes			
	At 1 April 2017	Cash flows	Declaration of dividends	Acquisition	Reversal of impairment loss	At 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	12,293	(5,606)	—	—	—	6,687
Obligations under finance leases	1,646	(1,008)	—	—	—	638
Amount due to a director	168	(168)	—	—	—	—
Dividend payable	—	(9,925)	9,925	—	—	—
Total liabilities from financing activities	14,107	(16,707)	9,925	—	—	7,325

26. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

Year ended 31 March 2017

	At 1 April 2016 HK$'000	Cash flows HK$'000	Non-cash changes: Declaration of dividends HK$'000	Non-cash changes: Acquisition HK$'000	Non-cash changes: Reversal of impairment loss HK$'000	At 31 March 2017 HK$'000
Bank borrowings	17,899	(5,606)	—	—	—	12,293
Obligations under finance leases	2,672	(1,647)	—	621	—	1,646
Amounts due to related companies	1,418	(610)	—	—	(808)	—
Amount due to a director	168	—	—	—	—	168
Dividend payable	10,240	(26,360)	16,120	—	—	—
Total liabilities from financing activities	32,397	(34,223)	16,120	621	(808)	14,107

27. RELATED PARTY TRANSACTIONS

(a) 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 years ended 31 March 2018 and 2017:

Name of related company	**Nature of transactions**	**2018** ***HK$'000***	2017 *HK$'000*
Global Window *(Note (i))*	Interest income	**—**	7
	Rental expenses *(Note (ii))*	**(6,343)**	(6,600)

Notes:

(i) This related company is controlled by the Ultimate Controlling Party during the years ended 31 March 2018 and 2017.

(ii) This related party transaction constitutes continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules. Relevant disclosures about this transaction have been disclosed in the Report of the Directors of the annual report.

27. RELATED PARTY TRANSACTIONS *(Continued)*

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

	2018	2017
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**3,866**	3,659
Contributions to defined contribution retirement scheme	**157**	149
	4,023	3,808

Further details of the directors' emoluments are set out in Note 7 to the consolidated financial statements.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of trade and other receivables, bank balances and cash, trade and other payables, bank borrowings, obligations under finance leases and amount due to a director. 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 manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks throughout the years ended 31 March 2018 and 2017.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank borrowings with floating interest rates. The interest rates and terms of repayment of the bank borrowings of the Group are disclosed in Note 18 to the consolidated financial statements. 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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

As at 31 March 2018, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's (loss) profit before taxation for the year would increase/decrease by HK$67,000 (2017: HK$123,000), but there would be no impact on the other equity reserves.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates.

Foreign currency risk

During the years ended 31 March 2018 and 2017, 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 March 2018 and 2017, 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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	2018	2017
	HK$'000	*HK$'000*
Trade and other receivables	**20,511**	16,314
Bank balances and cash	**10,403**	32,394
	30,914	48,708

The Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant. Amounts due from related companies are continuously monitored by assessing the credit worthiness of the counterparties, taking into account their financial position, payment history and other factors. Where necessary, an impairment loss is made for estimated irrecoverable amounts.

The management considers the credit risk in respect of bank balances and cash is minimal because the counter-parties are authorised financial institutions with high credit ratings.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

As at 31 March 2018, the Group had a concentration of credit risk as approximately 11% (2017: 11%) of the total trade receivables was due from the Group's largest customer, and approximately 36% (2017: 42%) of the total trade receivables was due from the Group's five largest customers.

None of the Group's financial assets are pledged.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(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 maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

	On demand or less than 1 year	**1 to 2 years**	**2 to 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2018				
Trade and other payables	**8,927**	**—**	**—**	**8,927**
Bank borrowings *(Note)*	**6,687**	**—**	**—**	**6,687**
Obligations under finance leases	**339**	**132**	**187**	**658**
	15,953	**132**	**187**	**16,272**
As at 31 March 2017				
Trade and other payables	7,495	—	—	7,495
Amount due to a director	168	—	—	168
Bank borrowings *(Note)*	12,293	—	—	12,293
Obligations under finance leases	1,034	339	319	1,692
	20,990	339	319	21,648

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Note: The amount repayable under bank loan agreements that include a clause that gives the bank an unconditional right to call the loan at any time is classified under the category of "on demand or less than 1 year". However, the directors of the Company do not expect that the bank would exercise such right to demand the repayment and thus the borrowing, which included the related interest, would be repaid according to the below schedule as set out in the loan agreements.

	2018	2017
	HK$'000	*HK$'000*
On demand or less than 1 year	**3,699**	5,841
1 – 2 years	**2,934**	3,679
2 – 5 years	**241**	3,166
	6,874	12,686

29. FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 31 March 2018 and 2017.

30. COMMITMENTS

The Group leases a number of properties under operating leases with leases negotiated for terms ranging from two to three years. None of the leases includes contingent rentals.

At the end of each reporting period, the Group had total future minimum lease payments in respect of premises under non-cancellable operating leases, which are payable as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**8,842**	8,842
In the second to fifth years	**945**	6,615
	9,787	15,457

31. CAPITAL 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 years ended 31 March 2018 and 2017.

32. EVENTS AFTER THE REPORTING PERIOD

On 11 May 2018, the shares of the Company were listed on GEM, details of which are disclosed in Note 22 to the consolidated financial statements.

Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last three financial years. The financial information for the year ended/as at 31 March 2018 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended/as at 31 March 2016 and 2017 is extracted from the Prospectus.

	Results of the Group for the year ended 31 March		
	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*
Revenue	**80,610**	83,538	98,360
(Loss) Profit before taxation	**(7,894)**	1,979	1,108
Income tax (expenses) credit	**(668)**	18	674
(Loss) Profit and total comprehensive (loss) income for the year	**(8,562)**	1,997	1,782
(Loss) Profit and total comprehensive (loss) income for the year attributable to owners of the Company	**(8,789)**	1,900	1,816

	Assets and liabilities of the Group as at 31 March		
	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	**34,195**	43,347	55,434
Current assets	**37,911**	56,297	79,738
Total assets	**72,106**	99,644	135,172
Current liabilities	**23,848**	31,180	50,034
Non-current liabilities	**5,700**	7,419	9,743
Net assets	**42,558**	61,045	75,395