



**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**



**First Quarterly Report 2018/2019**

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

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

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

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*This report, for which the directors (the “Directors”, each a “Director”) 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.*

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The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30 June 2018, together with the comparative unaudited figures for the corresponding period in 2017, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2018

		Three months ended 30 June	
	Note	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>21,863</b>	25,085
Cost of services		<b>(14,256)</b>	(15,674)
<b>Gross profit</b>		<b>7,607</b>	9,411
Other income	4	<b>350</b>	66
Selling expenses		<b>(497)</b>	(515)
Administrative and other operating expenses		<b>(5,106)</b>	(4,648)
Finance costs	5	<b>(56)</b>	(85)
Listing expenses		<b>(6,257)</b>	(2,655)
<b>(Loss) Profit before taxation</b>		<b>(3,959)</b>	1,574
Income tax expenses	6	<b>(474)</b>	(713)
<b>(Loss) Profit and total comprehensive (loss) income for the period</b>		<b>(4,433)</b>	861
<b>(Loss) Profit and total comprehensive (loss) income for the period attributable to:</b>			
Owners of the Company		<b>(4,525)</b>	754
Non-controlling interests		<b>92</b>	107
		<b>(4,433)</b>	861
		<b>HK cents</b>	<b>HK cents</b>
<b>(Loss) Earnings per share attributable to owners of the Company:</b>			
Basic and diluted	7	<b>(1.16)</b>	0.23

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Attributable to owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Acc- umulated profits HK\$'000			
<b>Balance at 1 April 2017</b> <b>(Audited)</b>	—	—	17,802	42,873	60,675	370	61,045
<b>Change in equity for the three months ended 30 June 2017:</b>							
Profit and total comprehensive income for the period	—	—	—	754	754	107	861
<b>Balance at 30 June 2017</b> <b>(Unaudited)</b>	—	—	17,802	43,627	61,429	477	61,906
<b>Balance at 31 March 2018 and 1 April 2018</b> <b>(Audited)</b>	—	—	17,802	24,384	42,186	372	42,558
<b>Change in equity for the three months ended 30 June 2018:</b>							
(Loss) Profit and total comprehensive (loss) income for the period	—	—	—	(4,525)	(4,525)	92	(4,433)
Issue of shares by way of share offer (Note c)	1,100	64,900	—	—	66,000	—	66,000
Capitalisation issue (Note d)	3,300	(3,300)	—	—	—	—	—
Transaction costs attributable to issue of new shares	—	(8,779)	—	—	(8,779)	—	(8,779)
<b>Balance at 30 June 2018</b> <b>(Unaudited)</b>	4,400	52,821	17,802	19,859	94,882	464	95,346

*Note a:* Share premium represents the excess of the net proceeds from issuance of the Company's share over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company remains able to pay our debts as and when they fall due in the ordinary course of business.

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

*Note c:* 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.

*Note d:* 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 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company (formerly known as Elegance Group Limited) 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 Company is an investment holding company and its subsidiaries are principally engaged in the provision of printing, typesetting and translation services in Hong Kong.

In preparing for the initial listing (the "Listing") of the shares of the Company on GEM of the Stock Exchange ("GEM"), 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" in the prospectus of the Company dated 30 April 2018 (the "Prospectus").

The shares of the Company were listed on GEM by way of placing and public offer on 11 May 2018 (the "Listing Date").

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited condensed consolidated results for the three months ended 30 June 2018 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The Group resulting from the Reorganisation is regarded as a continuing entity under the common control of Mr. So Wing Keung ("Mr. So", or the "Ultimate Controlling Party") prior to and after the Reorganisation, and that control is not transitory. Accordingly, the unaudited condensed consolidated financial statements have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger accounting under common control combination" issued by the HKICPA.

The unaudited condensed consolidated statement of comprehensive income and the condensed consolidated statement of changes in equity for the three months ended 30 June 2018 and 2017, respectively have been prepared on the basis as if the current group structure has been in existence throughout the relevant periods, or since the respective dates of incorporation or establishment, where there is a shorter period.

The HKICPA has issued a number of new/revised HKFRSs relevant to the Group which are effective for the current accounting period of the Group. They had no significant effect on the Group's results and financial position for the current or prior periods. The Group has not early applied any new/revised HKFRSs that have been issued but not yet effective for the current accounting period. Except for the impact of HKFRS 16 as set out in the audited financial statements of the Group for the year ended 31 March 2018 (the "2018 Annual Report"), the Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Group's financial statements.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months ended 30 June 2018 are consistent with those adopted in preparing the 2018 Annual Report.

The preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2018 required the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2018 have not been audited by the Company's auditors but have been reviewed by the audit committee of the Company (the "Audit Committee").



### 3. REVENUE AND SEGMENT INFORMATION

#### Revenue

	Three months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Commercial printing services	12,704	15,068
Financial printing services	8,986	9,833
Other services (Note)	173	184
	<b>21,863</b>	25,085

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

#### Segment information

The Directors have determined that the Group has only one operating and reportable segment throughout the reporting periods, as the Group manages its business as a whole as the provision of integrated printing services in Hong Kong and the executive Directors, 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 periods is derived from Hong Kong and all of the Group's assets and liabilities are located in Hong Kong.

#### 4. OTHER INCOME

	Three months ended 30 June	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Exchange gain, net	—	25
Interest income	55	—
Sundry income	295	41
	<hr/>	<hr/>
	350	66

#### 5. FINANCE COSTS

	Three months ended 30 June	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Interest on bank borrowings	48	76
Finance charges on obligations under finance leases	8	9
	<hr/>	<hr/>
	56	85

## 6. INCOME TAX EXPENSES

	Three months ended 30 June	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Current tax — Hong Kong Profits Tax:		
Provision for the period	<b>780</b>	1,105
Deferred taxation	<b>(306)</b>	(392)
	<hr/>	<hr/>
Income tax expenses	<b>474</b>	713

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

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 three months ended 30 June 2018 and 2017.

## 7. (LOSS) EARNINGS PER SHARE

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

	Three months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<i>(Loss) Profit:</i>		
(Loss) Profit for the purpose of calculating basic (loss) earnings per share	<b>(4,525)</b>	754
	<b>'000 (Unaudited)</b>	<b>'000 (Unaudited)</b>
<i>Number of shares:</i>		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	<b>391,648</b>	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 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 three months ended 30 June 2018 and 2017.

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2018.

## 9. EVENT AFTER THE REPORTING PERIOD

As from 30 June 2018 to the date of this report, the Board is not aware of any significant events that have occurred which require disclosure.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

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 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, Shaueiwan, Hong Kong, with a usable area of approximately 52,860.7 square feet, 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.

Our revenue from commercial printing services decreased by approximately 15.9%, from approximately HK\$15.1 million for the three months ended 30 June 2017 to approximately HK\$12.7 million for the three months ended 30 June 2018. Our revenue from financial printing services decreased by approximately 8.2%, from approximately HK\$9.8 million for the three months ended 30 June 2017 to approximately HK\$9.0 million for the three months ended 30 June 2018.

The decrease in revenue from commercial printing services and financial printing services was mainly due to the decrease in sales orders.

## **FUTURE PROSPECTS**

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.

## **FINANCIAL REVIEW**

### **Revenue**

We generate revenue from the provision of printing services in Hong Kong which are classified into (i) commercial printing services; (ii) financial printing services; and (iii) other services. Commercial printing services refer to printing services for our customers' needs of commercial paper printing products. Financial printing services range from designing the cover, layout and artwork of the document, typesetting, translation, uploading, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and listed companies on the Stock Exchange pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or the GEM Listing Rules. Other services 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 periods indicated.

	<b>Three months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Commercial printing services	<b>12,704</b>	15,068
Financial printing services	<b>8,986</b>	9,833
Other services	<b>173</b>	184
	<b>21,863</b>	25,085

Our revenue decreased by approximately 12.7% from approximately HK\$25.1 million for the three months ended 30 June 2017 to approximately HK\$21.9 million for the three months ended 30 June 2018. As illustrated above, the reduction of revenue for the three months ended 30 June 2018 as compared to the corresponding period last year was mainly due to the decrease in revenue from commercial printing services by approximately HK\$2.4 million and revenue from financial printing services by approximately HK\$0.8 million, resulting from the decrease in sales orders.

### **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 8.9%, from approximately HK\$15.7 million for the three months ended 30 June 2017 to approximately HK\$14.3 million for the three months ended 30 June 2018.

## Gross profit and gross profit margin

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

	Three months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	21,863	25,085
Cost of services	(14,256)	(15,674)
<b>Gross profit</b>	<b>7,607</b>	9,411
<b>Gross profit margin</b>	<b>34.8%</b>	37.5%

Our gross profit decreased by approximately 19.1%, from approximately HK\$9.4 million for the three months ended 30 June 2017 to approximately HK\$7.6 million for the three months ended 30 June 2018, primarily because the decrease in sales outweighed the decrease in overall cost of services. Our gross profit margin decreased slightly from approximately 37.5% for the three months ended 30 June 2017 to approximately 34.8% for the three months ended 30 June 2018, mainly attributable to the decrease in sales.

## Other income

Our other income increased from approximately HK\$66,000 for the three months ended 30 June 2017 to approximately HK\$350,000 for the three months ended 30 June 2018, mainly resulting from the increase in sundry income by approximately HK\$254,000.



## **Selling expenses**

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

Selling expenses remained constant at approximately HK\$0.5 million for the three months ended 30 June 2017 and 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 increased slightly by approximately 10.9%, from approximately HK\$4.6 million for the three months ended 30 June 2017 to approximately HK\$5.1 million for the three months ended 30 June 2018, mainly because of the increase in administrative and other operating expenses after the Listing.

## **Finance costs**

Our finance costs mainly represent interest on bank borrowings and finance charges on obligations under finance leases.

## **Listing expenses**

Our listing expenses amounted to approximately HK\$2.7 million and HK\$6.3 million for the three months ended 30 June 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 BVI as our Group had no income subject to tax in the BVI for the three months ended 30 June 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 three months ended 30 June 2017 and 2018.

## **(Loss) Profit and total comprehensive (loss) income for the periods**

We recorded a loss and total comprehensive loss of approximately HK\$4.4 million for the three months ended 30 June 2018 (30 June 2017: profit and total comprehensive income of approximately HK\$0.9 million). The loss-making position for the three months ended 30 June 2018 was mainly attributable to (1) the increase in non-recurring listing expenses by approximately HK\$3.6 million from approximately HK\$2.7 million for the three months ended 30 June 2017 to approximately HK\$6.3 million for the three months ended 30 June 2018; and (2) the slight decrease in revenue from existing customers, by approximately HK\$3.2 million or 12.7%, from approximately HK\$25.1 million for the three months ended 30 June 2017 to approximately HK\$21.9 million for the three months ended 30 June 2018.

If the listing expenses of approximately HK\$2.7 million and HK\$6.3 million incurred during the three months ended 30 June 2017 and 2018 respectively were excluded, we would have recorded profit and total comprehensive income of approximately HK\$3.6 million and HK\$1.9 million for the three months ended 30 June 2017 and 2018 respectively.

## EVENTS AFTER REPORTING PERIOD

As from 30 June 2018 to the date of this report, the Board is not aware of any events that have occurred which require disclosure.

## 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, 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 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; and
- 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 at 30 June 2018, none of the Net Proceeds has been utilised. As of the date of this report, there were no changes of the business plans from those disclosed in the Prospectus.

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

During the three months ended 30 June 2018, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

## **DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2018.

## **OTHER INFORMATION**

### **CORPORATE GOVERNANCE PRACTICE**

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the “Code”) as set out in Appendix 15 to the GEM Listing Rules.

During the period from the Listing Date to 30 June 2018, the Company had complied with all the applicable code provisions of the Code, except for code provision A.2.1 as set out below.

### **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. We consider that having Mr. So to act 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 its 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 its shareholders as a whole and the deviation from code provision A.2.1 of the Code is appropriate in such circumstance.

## **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 30 June 2018.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the “Scheme”), the principal terms of which are summarised in the section headed “Appendix IV — Statutory and General Information — D. Share Option Scheme” in the Prospectus.

No share option has been granted or exercised under the Scheme during the three months ended 30 June 2018. No share option was outstanding as at 30 June 2018.

## **DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the paragraphs headed “Directors’ and chief executives’ interest and/or short position in shares, underlying shares and debentures of the Company or any associated corporation” below and “Share option scheme” above, at no time during the three months ended 30 June 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.

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

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Listing Date to 30 June 2018.

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

As at 30 June 2018, the interests and short positions of the Directors and chief executives 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 Director	Capacity	Number of shares or underlying shares held			Percentage of issued share capital
		Ordinary shares	Share options	Total	
Mr. So Wing Keung	Deemed interest, interest of controlled company	330,000,000	—	330,000,000	75%

*Note:*

The shares are registered in the name of Glorytwin Limited ("Glorytwin"), the issued 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 corporations**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Number of share(s) held</b>	<b>Percentage of issued share capital</b>
Mr. So Wing Keung	Colorful Bay	Beneficial owner	1	100%
Mr. So Wing Keung	Glorytwin	Deemed interest, interest of controlled company	100	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 30 June 2018, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to the provisions of 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 30 June 2018, the interests and short positions of the substantial shareholders of the Company (other than the Directors and 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:

<b>Name of substantial shareholder</b>	<b>Long/short position</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Percentage of issued share capital</b>
Glorytwin	Long position	Beneficial owner	330,000,000	75%
Colorful Bay	Long position	Deemed interest, interest of controlled company	330,000,000	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 30 June 2018, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **INTERESTS IN COMPETING BUSINESS**

For the three months ended 30 June 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, Deep Champion Limited and Glorytwin (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 30 June 2018.

## **INTERESTS OF COMPLIANCE ADVISER**

As confirmed by the compliance adviser of the Company, VBG Capital Limited (“VBG”), as at 30 June 2018, 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.

## AUDIT COMMITTEE

The Company established the Audit Committee on 19 April 2018 with written terms of reference in compliance with the GEM Listing Rules. The principal duties of the Audit Committee are to review and to supervise the financial reporting process and internal control systems of the Group. The Audit Committee comprises of three independent non-executive Directors, namely Mr. Kwong Chi Wing (chairman of the Audit Committee), Mr. Tam Pei Qiang and Mr. Cheung Wai Lun Jacky.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2018 and is of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosures have been made in respect thereof.

By order of the Board  
**Elegance Commercial and Financial  
Printing Group Limited**  
**Mr. So Wing Keung**  
*Chairman and Chief Executive Officer*

Hong Kong, 8 August 2018

*As at the date of this report, the executive Directors are Mr. SO Wing Keung and Mr. LEUNG Shu Kin, and the independent non-executive Directors are Mr. TAM Pei Qiang, Mr. KWONG Chi Wing and Mr. CHEUNG Wai Lun Jacky.*