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

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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.

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. So Wing Keung
(Chairman and Chief Executive Officer)
Mr. Leung Shu Kin
Ms. Lam Yat Ting *(Note 1)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwong Chi Wing
Ms. Ngan Sze Sze Stephanie *(Note 3)*
Mr. Tong Ho Kai Eric *(Note 3)*
Mr. Tam Pei Qiang *(Note 4)*
Mr. Cheung Wai Lun Jacky *(Note 4)*

COMPLIANCE OFFICER

Mr. Leung Shu Kin

AUTHORISED REPRESENTATIVES

Mr. So Wing Keung
Ms. Lam Yat Ting *(Note 1)*
Mr. Ho Yui Pang *(Note 2)*

AUDIT COMMITTEE

Mr. Kwong Chi Wing *(Chairman)*
Ms. Ngan Sze Sze Stephanie *(Note 3)*
Mr. Tong Ho Kai Eric *(Note 3)*
Mr. Tam Pei Qiang *(Note 4)*
Mr. Cheung Wai Lun Jacky *(Note 4)*

REMUNERATION COMMITTEE

Ms. Ngan Sze Sze Stephanie *(Chairman)* *(Note 3)*
Mr. Tam Pei Qiang *(Chairman)* *(Note 4)*
Mr. Leung Shu Kin
Mr. Tong Ho Kai Eric *(Note 3)*
Mr. Cheung Wai Lun Jacky *(Note 4)*

NOMINATION COMMITTEE

Mr. Tong Ho Kai Eric *(Chairman)* *(Note 3)*
Mr. Cheung Wai Lun Jacky *(Chairman)* *(Note 4)*
Mr. Leung Shu Kin
Mr. Kwong Chi Wing
Ms. Ngan Sze Sze Stephanie *(Note 3)*

COMPANY SECRETARY

Ms. Lam Yat Ting *(CPA)* *(Note 1)*
Mr. Ho Yui Pang *(CPA, FCS)* *(Note 2)*

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
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REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG LEGAL ADVISER

Raymond Siu & Lawyers

COMPLIANCE ADVISER

VBG Capital Limited
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Hong Kong

AUDITOR

Mazars CPA Limited
Certified Public Accountants
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18 Harbour Road
Wanchai, Hong Kong

STOCK CODE

8391

WEBSITE

http://www.elegance.hk

Note 1: Appointed on 1 September 2018
Note 2: Resigned with effect from 1 September 2018
Note 3: Appointed on 22 October 2018
Note 4: Resigned with effect from 22 October 2018

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, Shaukeiwan, 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 10.5%, from approximately HK$26.9 million for the six months ended 30 September 2017 to approximately HK$24.1 million for the six months ended 30 September 2018. Our revenue from financial printing services increased by approximately 20.5%, from approximately HK$14.9 million for the six months ended 30 September 2017 to approximately HK$18.0 million for the six months ended 30 September 2018.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Commercial printing services	**24,064**	26,898
Financial printing services	**17,950**	14,895
Other services	**357**	952
	42,371	42,745

Our revenue decreased by approximately 0.9% from approximately HK$42.7 million for the six months ended 30 September 2017 to approximately HK$42.4 million for the six months ended 30 September 2018. As illustrated above, the reduction of revenue for the six months ended 30 September 2018 as compared to corresponding period last year was mainly due to the decrease in commercial printing services of approximately HK$2.8 million and other services of approximately HK$595,000, resulting from the decrease in sales orders.

Commercial printing

For commercial printing services, the revenue decreased slightly by approximately 10.5%, from approximately HK$26.9 million for the six months ended 30 September 2017 to approximately HK$24.1 million for the six months ended 30 September 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 reliance on 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 increased by approximately 20.5%, from approximately HK$14.9 million for the six months ended 30 September 2017 to approximately HK$18.0 million for the six months ended 30 September 2018.

The increase in revenue from financial printing services was mainly due to the increase in revenue from financial reporting documents and compliance documents, which were mainly attributable to the increase in the number of customers and the increase in the number of corporate transactions of our customers.

Other services

Revenue from other services decreased by 62.5%, from approximately HK$952,000 for the six months ended 30 September 2017 to approximately HK$357,000 for the six months ended 30 September 2018, 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 1.6%, from approximately HK$28.0 million for the six months ended 30 September 2017 to approximately HK$27.5 million for the six months ended 30 September 2018. Such decrease was mainly attributable to the decrease in direct labour cost, production overheads and depreciation charge.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September 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 some machineries were fully depreciated during the six months ended 30 September 2017.

Gross profit and gross profit margin

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

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**42,371**	42,745
Cost of services	**(27,521)**	(27,970)
Gross profit	**14,850**	14,775
Gross profit margin	**35.0%**	34.6%

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September 2017 and 2018, our gross profit increased by approximately 0.5%, from approximately HK$14.8 million for the six months ended 30 September 2017 to approximately HK$14.9 million for the six months ended 30 September 2018, primarily because of the decrease in overall cost of services outweighing the decrease in sales. Our gross profit margin increased from approximately 34.6% for the six months ended 30 September 2017 to approximately 35.0% for the six months ended 30 September 2018, mainly attributable to the decrease in cost of services.

Other income

Other income increased by approximately 286.8%, from approximately HK$144,000 for the six months ended 30 September 2017 to approximately HK$557,000 for the six months ended 30 September 2018, mainly resulting from the increase in sundry income of approximately HK$0.2 million and interest income of approximately HK$0.2 million.

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 3.9%, from approximately HK$1,062,000 for the six months ended 30 September 2017 to approximately HK$1,020,000 for the six months ended 30 September 2018, which was attributable to the decrease in sales commission as a result of the decrease in revenue for the six months ended 30 September 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 by approximately 11.1%, from approximately HK$9.2 million for the six months ended 30 September 2017 to approximately HK$10.2 million for the six months ended 30 September 2018, mainly because of the increase in additional administrative and other operation expenses after the listing.

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 28.3% from approximately HK$159,000 for the six months ended 30 September 2017 to approximately HK$114,000 for the six months ended 30 September 2018, primarily due to the decrease in bank borrowing interest resulted from repayment of bank borrowings.

Listing expenses

Our listing expenses amounted to approximately HK$5.5 million and HK$5.9 million for the six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 2017 and 2018.

For the six months ended 30 September 2017 and 2018, we recorded an income tax expense of approximately HK$0.7 million and HK$0.8 million respectively, the increment 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 six months ended 30 September 2018; (ii) the decrease in tax exempt revenue during the six months ended 30 September 2018; and (iii) the absence of the utilisation of previously unrecognised tax losses during the six months ended 30 September 2018.

Loss and total comprehensive loss for the period attributable to owners of the Company

We recorded a loss and total comprehensive loss of approximately HK$2.7 million for the six months ended 30 September 2018 (30 September 2017: loss and total comprehensive loss of approximately HK$1.7 million). The loss-making position for the six months ended 30 September 2018 was mainly attributable to (1) the increase in non-recurring listing expenses by approximately HK$0.4 million from approximately HK$5.5 million for the six months ended 30 September 2017 to approximately HK$5.9 million for the six months ended 30 September 2018; and (2) the increase in additional administrative and other operating expenses including professional fees and audit fees, by approximately HK$1 million, from approximately HK$9 million for the six months ended 30 September 2017 to approximately HK$10 million for the six months ended 30 September 2018.

If the listing expenses of approximately HK$5.5 million and HK$5.9 million incurred during the six months ended 30 September 2017 and 2018 respectively were excluded, we would have recorded profit and total comprehensive income of approximately HK$3.8 million and HK$3.2 million for the six months ended 30 September 2017 and 2018 respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2018, total borrowings of the Group amounted to approximately HK$6.8 million (31 March 2018: approximately HK$7.3 million) which represented all borrowings, including bank borrowings and finance lease obligations. 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 15 and 16 to the consolidated financial statements.

As at 30 September 2018, the debt to equity ratio of the Group was Nil (31 March 2018: Nil), because our cash and cash equivalents were larger than our total debts as at 30 September 2018 and 31 March 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. Current ratio as at 30 September 2018 was approximately 4.4 time (31 March 2018: approximately 1.6 time).

As at 30 September 2018, the gearing ratio of the Group was 7.0% (31 March 2018: 17.2%). Gearing ratio is calculated based on all borrowings (including bank borrowings and finance lease obligations) divided by total equity.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group maintained sufficient working capital as at 30 September 2018 with cash and bank balances of approximately HK$64.0 million (31 March 2018: approximately HK$10.4 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 30 September 2018, the Group's net current assets amounted to approximately HK$71.2 million (31 March 2018: net current assets of approximately HK$14.1 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 30 September 2018, the Group did not have any significant contingent liabilities (31 March 2018: Nil).

CAPITAL COMMITMENTS

As at 30 September 2018, the Group did not have significant capital commitments contracted but not provided for (31 March 2018: Nil).

PLEDGE OF ASSETS

As at 30 September 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 30 September 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 (31 March 2018: Nil).

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 September 2018, the Group did not have any significant investments (31 March 2018: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 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.

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	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

Business Strategy as stated in the Prospectus	Implementation plans
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, 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.

Up to 30 September 2018, the Group had used the Net Proceeds as follows:

	Original allocation of Net Proceeds		Utilisation up to 30 September 2018	Remaining balance of unused Net Proceeds as at 30 September 2018
	HK$'000	*% of Net of Proceeds*	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)
Continue organic growth by solidifying existing customer relationship and developing new relationship	1,500	3.7%	13	1,487
Acquire a permanent office space	37,000	90.2%	—	37,000
Upgrade and acquire new equipment, hardware and software	2,500	6.1%	75	2,425
	41,000	100%	88	40,912

During the six months ended 30 September 2018, the Group leased a range of machineries under finance lease with a lease term of five years and settled approximately HK$30,000. Besides during the six months ended 30 September 2018, the Group purchased some office equipment for approximately HK$45,000. As at 30 September 2018, the utilized Net Proceeds were approximately HK$88,000 and the remaining proceeds as at 30 September 2018 were approximately HK$40.9 million. As of the date of this report, there were no changes of the business plans from those disclosed in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 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 to the Company for the six months ended 30 September 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 date of listing (the "Listing Date") to 30 September 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.

OTHER INFORMATION

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 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 five other experienced and high-calibre individuals including two other executive Directors 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.

OTHER INFORMATION

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 September 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 six months ended 30 September 2018. No share option was outstanding as at 30 September 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and chief executives' interest and/or short positions in shares, underlying shares and debentures of the Company or any associated corporation" below and "Share option scheme" above, at no time during the six months ended 30 September 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.

OTHER INFORMATION

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 from the Listing Date to 30 September 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 September 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 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	—	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

Name of Director	Name of associated corporation	Capacity	Number of share(s) held	Percentage of issued share capital
Mr. So Wing Keung	Colorful Bay	Beneficial owner	1	100%
Mr. So Wing Keung	Glorytwin	Deemed interest, interest in 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 September 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.

OTHER INFORMATION

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

As at 30 September 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:

Name of substantial shareholder	Long/ short position	Capacity	Number of shares held	Percentage of issued share capital
Glorytwin	Long position	Beneficial owner	330,000,000	75%
Colorful Bay	Long position	Deemed interest, interest in 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 September 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.

OTHER INFORMATION

INTERESTS IN COMPETING BUSINESS

For the six months ended 30 September 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 September 2018.

INTERESTS OF COMPLIANCE ADVISER

The Company has been informed by VBG Capital Limited ("VBG") that as at 30 September 2018, neither VBG nor its directors or employees or close associates has, or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and VBG dated 11 September 2017.

OTHER INFORMATION

CHANGE IN DIRECTOR'S INFORMATION

The change in director's information as required to be disclosed pursuant to Rule 17.50(2) and Rule 17.50A of the GEM Listing Rules, since the publication of the 2017-2018 Annual Report of the Company, is set out below:

Executive Director and Company Secretary

Ms. Lam Yat Ting（林溢婷）("Ms. Lam") was appointed as an executive Director and company secretary of our Company on 1 September 2018. She is also currently an authorised representative of the Company. She is primarily responsible for overseeing corporate secretarial duties and corporate governance matters of the Group.

Ms. Lam has over 10 years of experience in accounting and audit. Prior to joining the Company, she was a finance manager of New World Facilities Management Company Limited, a subsidiary of New World Development Company Limited (Stock Code: 17) from October 2016 to April 2018. She also worked at a medium size C.P.A. firm from March 2008 to October 2016 where her last position held was an audit manager. Currently, she is a financial controller of Man Lee Management Limited, a subsidiary of Asia Resources Holdings Limited (Stock Code: 899) and the company secretary of Mindtell Technology Limited (Stock Code: 8611).

Ms. Lam obtained a Bachelor of Business Administration in Accountancy with honours from City University of Hong Kong in 2006. She is admitted as a qualified accountant of Hong Kong Institute of Certified Public Accountants since January 2013.

OTHER INFORMATION

Independent Non-Executive Directors

Ms. Ngan Sze Sze Stephanie（顏絲絲）("Ms. Ngan") was appointed as an independent non-executive Director of our Company on 22 October 2018 and she is primarily responsible for supervising and providing independent judgement to the Board. She is the Chairman of the remuneration committee and a member of the audit committee and the nomination committee.

Ms. Ngan obtained a Bachelor of Arts from the University of Victoria in Canada. She has been a capital investor since 2010. She invests in and manages multiple properties, including restaurants. She had taken up administrative positions in several companies. She worked as a personal assistant at Symmetry Digital & Visual Limited from 2005 to 2008. She was a customer service representative at Cathay Pacific Airways Ltd (Stock Code: 0293) from 2001 to 2005.

Mr. Tong Ho Kai Eric（唐浩佳）("Mr. Tong") was appointed as an independent non-executive Director of our Company on 22 October 2018 and he is primarily responsible for supervising and providing independent judgement to the Board. He is the Chairman of the nomination committee and a member of the audit committee and the remuneration committee.

Mr. Tong has been a senior construction project manager at KNA Development Limited since 2015. He had worked at several construction companies which are now listed in Hong Kong. He worked at Able Engineering Holdings Limited (Stock Code: 1627) as a graduate engineer from 2002 to 2004, and at Winsway Enterprises Holdings Limited (now known as E-Commodities Holdings Limited) (Stock Code: 1733) as a foreman for a brief period in 2005. Subsequently, he worked at Gammon Construction Limited as an engineer from 2005 to 2006, and at Pat Davie Limited as a project manager from 2006 to 2015. He was gradually promoted from the position of graduate engineer to the position of senior project manager through more than 15 years of experience in construction.

Mr. Tong obtained a Bachelor of Science (Hons) in Construction Engineering & Management from the City University of Hong Kong. He became a Building Environmental Assessment Method Professional in 2012 and became a member of the Chartered Institute of Building in 2017.

OTHER INFORMATION

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. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Kwong Chi Wing (chairman of the Audit Committee), Ms. Ngan Sze Sze Stephanie and Mr. Tong Ho Kai Eric.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 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 November 2018

As at the date of this report, the executive Directors are Mr. SO Wing Keung, Mr. LEUNG Shu Kin and Ms. LAM Yat Ting, and the independent non-executive Directors are Mr. KWONG Chi Wing, Ms. NGAN Sze Sze Stephanie and Mr. TONG Ho Kai Eric.

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 six months ended 30 September 2018, together with the comparative unaudited figures for the corresponding period in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		For the six months ended 30 September	
		2018	2017
		HK$'000	*HK$'000*
	Note	**(Unaudited)**	(Unaudited)
Revenue	*3*	**42,371**	42,745
Cost of services		**(27,521)**	(27,970)
Gross profit		**14,850**	14,775
Other income	*4*	**557**	144
Selling expenses		**(1,020)**	(1,062)
Administrative and other operating expenses		**(10,242)**	(9,215)
Finance costs	*5*	**(114)**	(159)
Listing expenses		**(5,928)**	(5,535)
Loss before taxation	*6*	**(1,897)**	(1,052)
Income tax expenses	*7*	**(810)**	(680)
Loss and total comprehensive loss for the period		**(2,707)**	(1,732)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		For the six months ended 30 September	
		2018	2017
		HK$'000	*HK$'000*
	Note	**(Unaudited)**	(Unaudited)
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		**(2,836)**	(1,883)
Non-controlling interests		**129**	151
		(2,707)	(1,732)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company			
Basic and diluted	*8*	**(0.68)**	(0.57)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**32,390**	34,128
Deferred tax assets		**63**	67
		32,453	34,195
Current assets			
Inventories	*11*	**2,295**	2,391
Amounts due from customers for service contracts	*12*	**1,321**	1,089
Trade and other receivables	*13*	**24,280**	23,915
Tax recoverable		**32**	113
Bank balances and cash		**64,022**	10,403
		91,950	37,911
Current liabilities			
Amounts due to customers for service contracts	*12*	**—**	15
Trade and other payables	*14*	**14,352**	16,577
Bank borrowings	*15*	**4,564**	6,687
Obligations under finance leases	*16*	**348**	328
Tax payable		**1,506**	241
		20,770	23,848

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	At 30 September 2018 *HK$'000* (Unaudited)	At 31 March 2018 *HK$'000* (Audited)
Net current assets		**71,180**	14,063
Total assets less current liabilities		**103,633**	48,258
Non-current liabilities			
Obligations under finance leases	*16*	**1,861**	310
Deferred tax liabilities		**4,849**	5,390
		6,710	5,700
NET ASSETS		**96,923**	42,558
Capital and reserves			
Share capital	*17*	**4,400**	—
Reserves		**92,172**	42,186
Equity attributable to owners of the Company		**96,572**	42,186
Non-controlling interests		**351**	372
TOTAL EQUITY		**96,923**	42,558

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000 *(Note a)*	Capital reserve HK$'000 *(Note b)*	Acc-umulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2017 (Audited)	—	—	17,802	42,873	60,675	370	61,045
Change in equity for the six months ended 30 September 2017:							
(Loss) Profit and total comprehensive (loss) income for the period	—	—	—	(1,883)	(1,883)	151	(1,732)
Contributions and distributions dividends	—	—	—	(9,700)	(9,700)	(225)	(9,925)
Balance at 30 September 2017 (Unaudited)	—	—	17,802	31,290	49,092	296	49,388
Balance at 31 March 2018 and 1 April 2018 (Audited)	**—**	**—**	**17,802**	**24,384**	**42,186**	**372**	**42,558**
Change in equity for the six months ended 30 September 2018:							
(Loss) Profit and total comprehensive (loss) income for the period	**—**	**—**	**—**	**(2,836)**	**(2,836)**	**129**	**(2,707)**
Contributions and distributions dividends *(Note c)*	**—**	**—**	**—**	**—**	**—**	**(150)**	**(150)**
Issue of shares by way of share offer *(Note d)*	**1,100**	**64,900**	**—**	**—**	**66,000**	**—**	**66,000**
Capitalisation issue *(Note e)*	**3,300**	**(3,300)**	**—**	**—**	**—**	**—**	**—**
Transaction costs attributable to issue of new shares	**—**	**(8,778)**	**—**	**—**	**(8,778)**	**—**	**(8,778)**
Balance at 30 September 2018 (Unaudited)	**4,400**	**52,822**	**17,802**	**21,548**	**96,572**	**351**	**96,923**

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: During the six months ended 30 September 2018, the subsidiary of the Group declared dividends of HK$1,000,000 of which HK$150,000 belonged to the non-controlling interest.

Note d: 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 e: 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Loss before taxation	**(1,897)**	(1,052)
Adjustments for:		
Depreciation	**4,233**	5,001
Interest income	**(257)**	—
Finance costs	**114**	159
Loss on written off of property, plant and equipment, net	**3**	—
Operating cash inflows before movements in working capital	**2,196**	4,108
Changes in working capital:		
Inventories	**96**	(460)
Amounts due from customers for service contracts	**(232)**	345
Trade and other receivables	**(365)**	(3,179)
Amounts due to customers for service contracts	**(15)**	(324)
Trade and other payables	**(2,225)**	499

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cash (used in) generated from operations	**(545)**	993
Interest received	**257**	—
Net cash (used in) generated from operating activities	**(288)**	993
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(712)**	(65)
Net cash used in investing activities	**(712)**	(65)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(2,122)**	(2,803)
Repayment of obligations under finance leases	**(216)**	(700)
Advance from the immediate holding company	**—**	300
Repayment to a director	**—**	(168)
Interest paid	**(114)**	(163)
Issue new shares	**57,221**	—
Dividends paid	**(150)**	(9,925)
Net cash generated from (used in) financing activities	**54,619**	(13,459)
Net increase (decrease) in cash and cash equivalents	**53,619**	(12,531)
Cash and cash equivalents at beginning of year	**10,403**	32,394
Cash and cash equivalents at end of year, represented by bank balances and cash	**64,022**	19,863

NOTES TO THE INTERIM FINANCIAL REPORT

1. GENERAL INFORMATION

The Company (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 Company is an investment holding company and together with 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 of Hong Kong Limited (the "Stock Exchange"), 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 six months ended 30 September 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 interim financial report 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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

The unaudited condensed consolidated statement of comprehensive income and the condensed consolidated statement of changes in equity for the six months ended 30 September 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 six months ended 30 September 2018 are consistent with those adopted in preparing the 2018 Annual Report, except for the adoption of new/revised HKFRSs that are relevant to the Group and effect from the current period as set out below.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

HKFRS 9 "Financial Instruments"

HKFRS 9, which superseded HKAS 39 in its entirety, introduces new requirements on the classification and measurement of financial assets and financial liabilities, hedge accounting and impairment of financial assets. HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity, loans and receivables and available for sale. Under HKFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under HKAS 39 is generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.

The adoption of HKFRS 9 does not have any significant effect on the Group's accounting policies on classification and measurement of financial liabilities and financial assets.

In addition, HKFRS 9 introduces new requirements on impairment of financial assets. HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The new expected credit loss model applies to financial assets measured at amortised cost but not to investments in equity instruments. The Group's financial assets measured at amortised cost consist of trade and other receivables, pledged deposits and cash and bank balances. 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. The application of HKFRS 9 results in earlier recognition of credit losses which are not yet incurred in respect of the Group's financial assets measured at amortised cost. The expected credit losses are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the differences between the cash flows due to the entity in accordance with the contract and the cash flows that are expected to receive). Expected credit losses are discounted at the effective rate of the financial asset.

Under HKFRS 9, loss allowances are measured on either one of the following bases:

— 12-month expected credit loss: result from possible default events within 12 months; and

— Lifetime expected credit loss: result from all possible default events over the expected life of a financial instrument.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

The Group measures loss allowances at an amount equal to lifetime expected credit loss.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

— The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— The financial asset is more than 90 days past due.

Impact of the new impairment model

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9 for classification and measurement (including impairment) retrospectively to instruments that have not been derecognised at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 January 2018.

The effect on adoption of HKFRS 9 is not material to the interim condensed consolidated financial statements of the Group.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It replaced HKAS 18 "*Revenue*", HKAS 11 "*Construction contracts*" and the related interpretations. Under HKFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control whether it is at a point in time or over time requires judgement. 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, by applying the following five steps:

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" *(Continued)*

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract(s);

Step 3: Determine the transaction price, the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer;

Step 4: Allocate the transaction price to the performance obligations in the contract(s); and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The adoption of this standard does not have a significant impact on the measurement and recognition of revenue of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Commercial printing services	**24,064**	26,898
Financial printing services	**17,950**	14,895
Other services *(Note)*	**357**	952
	42,371	42,745

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.

NOTES TO THE INTERIM FINANCIAL REPORT

4. OTHER INCOME

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Exchange gain, net	**—**	31
Interest income	**257**	—
Sundry income	**300**	113
	557	144

5. FINANCE COSTS

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**95**	143
Finance charges on obligations under finance leases	**19**	16
	114	159

6. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**15,035**	14,343
— Contributions to defined contribution plans	**741**	765
Total staff costs	**15,776**	15,108
Other items		
Auditor's remuneration	**399**	85
Cost of inventories *(Note)*	**27,521**	27,970
Depreciation	**4,233**	5,002
Exchange (gain) loss, net	**14**	(31)
Loss on written off of property, plant and equipment, net	**3**	—
Operating lease charges for premises	**5,702**	5,702

Note: During the six months ended 30 September 2018, cost of inventories included approximately HK$17.8 million (six months ended 30 September 2017: approximately HK$18.1 million) 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. INCOME TAX EXPENSES

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax:		
Provision for the period	**1,346**	1,441
Deferred taxation	**(536)**	(761)
Income tax expenses	**810**	680

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 six months ended 30 September 2018 and 2017.

8. LOSS PER SHARE

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

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss:		
Loss for the purpose of calculating basic loss per share	**(2,836)**	(1,883)
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**415,956**	330,000

8. LOSS PER SHARE *(Continued)*

The weighted average number of ordinary shares for the purpose of calculating basic loss per share was on the basis as if the reorganisation and capitalisation issue had been effective on 1 April 2016.

Diluted loss per share are same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 September 2018 and 2017.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend to the Company for the six months ended 30 September 2018.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group has acquired property, plant and equipment of HK$2.5 million (31 March 2018, approximately HK$1 million). The items of property, plant and equipment with carrying amount of approximately HK$3,000 (31 March 2018: Nil) were written off during the six months ended 30 September 2018.

At 30 September 2018, the carrying amount of plant and machinery includes an amount of approximately HK$2.1 million in respect of assets held under finance base (31 March 2018: approximately HK$0.6 million).

11. INVENTORIES

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Raw materials	**2,170**	2,277
Work in progress	**125**	114
	2,295	2,391

NOTES TO THE INTERIM FINANCIAL REPORT

12. AMOUNTS DUE FROM/TO CUSTOMERS FOR SERVICE CONTRACTS

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Contracts in progress		
Contract costs incurred plus recognised profits less recognised losses to date	**2,076**	2,126
Less: progress billings and amounts received	**(755)**	(1,052)
	1,321	1,074

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Analysed for reporting purposes as:		
Amounts due from customers for service contracts	**1,321**	1,089
Amounts due to customers for service contracts	**—**	(15)
	1,321	1,074

As at 30 September 2018 and 31 March 2018, 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.

NOTES TO THE INTERIM FINANCIAL REPORT

13. TRADE AND OTHER RECEIVABLES

	At 30 September 2018	At 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**18,387**	15,548
Other receivables		
Prepayments *(Note)*	**278**	3,404
Deposits and other receivables	**5,615**	4,963
	5,893	8,367
	24,280	23,915

Note: As at 30 September 2018, no prepaid listing expenses included in the amount (31 March 2018: HK$2,879,000).

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:

	At 30 September 2018	At 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than 30 days	**13,951**	10,043
31 to 60 days	**2,326**	3,415
61 to 90 days	**289**	1,292
Over 90 days	**1,821**	798
	18,387	15,548

13. TRADE AND OTHER RECEIVABLES *(Contiuned)*

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

	At 30 September 2018 ***HK$'000*** **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Neither past due nor impaired	**10,366**	9,754
Past due:		
Less than 30 days	**3,585**	4,609
31 to 60 days	**2,326**	494
61 to 90 days	**289**	461
Over 90 days	**1,821**	230
	8,021	5,794
	18,387	15,548

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.

14. TRADE AND OTHER PAYABLES

	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
Trade payables	**3,058**	3,548
Other payables		
Accruals and other payables *(Note)*	**6,507**	5,379
Receipts in advance	**4,787**	7,650
	11,294	13,029
	14,352	16,577

Note: As at 30 September 2018, no accrued listing expenses included in the amount (31 March 2018: HK$2,619,000).

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:

	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
Less than 30 days	**2,519**	2,210
31 to 60 days	**489**	806
61 to 90 days	**50**	515
91 to 120 days	**—**	17
	3,058	3,548

15. BANK BORROWINGS

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

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Bank borrowings — secured	**4,564**	6,687
Carrying amounts of bank borrowings that are repayable *(Note)*		
Within one year	**2,883**	3,564
More than one year, but not exceeding two years	**1,681**	2,882
More than two years, but not exceeding five years	**—**	241
Amounts shown under current liabilities	**4,564**	6,687

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 30 September 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 30 September 2018 is approximately 3.55% (31 March 2018: 2.84%) 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.

15. BANK BORROWINGS *(Continued)*

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.

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. As at 30 September 2018 and 31 March 2018, none of the covenants relating to drawn down facilities had been breached.

16. 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	
	At 30 September 2018	At 31 March 2018	**At 30 September 2018**	At 31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable:				
Within one year	**404**	339	**348**	328
In the second to fifth years inclusive	**1,954**	319	**1,861**	310
	2,358	658	**2,209**	638
Future finance charges	**(149)**	(20)	**—**	—
Present value of lease obligations	**2,209**	638	**2,209**	638
Amount due for settlement within 12 months			**348**	328
Amount due for settlement after 12 months			**1,861**	310
			2,209	638

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 30 September 2018, the effective interest rates for the obligations under finance leases are 2.69% (31 March 2018: 2.61%) per annum.

NOTES TO THE INTERIM FINANCIAL REPORT

17. 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.

18. 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.

19. ADDITIONAL INFORMATION ON THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The movements during the six months ended 30 September 2018 and the year ended 31 March 2018 in the Group's liabilities arising from financing activities are as follows:

Six months ended 30 September 2018

			Non-cash changes		
	At 1 April 2018 HK$'000 (Audited)	Cash flows HK$'000	Declaration of dividends HK$'000	Acquisition HK$'000	At 30 September 2018 HK$'000 (Unaudited)
Bank borrowings	6,687	(2,123)	—	—	4,564
Obligations under finance leases	638	(216)	—	1,787	2,209
Dividend payable	—	(150)	150	—	—
Total liabilities from financing activities	7,325	(2,489)	150	1,787	6,773

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

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

Year ended 31 March 2018

	At 1 April 2017 HK$'000 (Audited)	Cash flows HK$'000	Non-cash changes: Declaration of dividends HK$'000	Non-cash changes: Acquisition HK$'000	At 31 March 2018 HK$'000 (Audited)
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

20. 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 six months ended 30 September 2018 and 2017:

Name of related company	Nature of transactions	For the six months ended 30 September	
		2018	2017
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Global Window *(Note (i))*	Rental expenses *(Note (ii))*	**(3,172)**	(3,172)

Notes:

(i) This related company is controlled by the Ultimate Controlling Party during the six months ended 30 September 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.

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

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	**1,948**	1,885
Contributions to defined contribution retirement scheme	**80**	78
	2,028	1,963

21. FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 30 September 2018 and 31 March 2018.

22. 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:

	At 30 September 2018	At 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**6,952**	8,842
In the second to fifth years	**—**	945
	6,952	9,787

23. EVENTS AFTER THE REPORTING PERIOD

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

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 8 November 2018.