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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 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 announcement, for which the directors (the "**Directors**" or the "**Board**") of Elegance Commercial and Financial Printing Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2019, together with the relevant comparative figures for the year ended 31 March 2018, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	Note	2019 *HK$'000*	2018 *HK$'000*
Revenue	*4*	**73,976**	80,610
Cost of services		**(53,796)**	(55,158)
Gross profit		**20,180**	25,452
Other income	*5*	**1,152**	509
Selling expenses		**(2,427)**	(2,213)
Administrative and other operating expenses		**(20,515)**	(18,344)
Finance costs	*6*	**(213)**	(288)
Listing expenses		**(5,928)**	(13,010)
Loss before taxation	*6*	**(7,751)**	(7,894)
Income tax credit (expenses)	*7*	**182**	(668)
Loss and total comprehensive loss for the year		**(7,569)**	(8,562)
(Loss) Profit and total comprehensive (loss) income for the year attributable to:			
Owners of the Company		**(7,736)**	(8,789)
Non-controlling interests		**167**	227
		(7,569)	(8,562)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company			
Basic and diluted	*8*	**(1.81)**	(2.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**28,390**	34,128
Deferred tax assets		**54**	67
		28,444	34,195
Current assets			
Inventories		**2,084**	2,391
Contract assets	*10*	**2,865**	—
Amounts due from customers for service contracts		—	1,089
Trade and other receivables	*11*	**19,878**	23,915
Tax recoverable		**1,150**	113
Bank balances and cash		**62,145**	10,403
		88,122	37,911
Current liabilities			
Contract liabilities	*10*	**387**	—
Amounts due to customers for service contracts		—	15
Trade and other payables	*12*	**14,554**	16,577
Bank borrowings	*13*	**3,123**	6,687
Obligations under finance leases	*14*	**451**	328
Tax payable		**155**	241
		18,670	23,848
Net current assets		**69,452**	14,063
Total assets less current liabilities		**97,896**	48,258
Non-current liabilities			
Obligations under finance leases	*14*	**1,592**	310
Deferred tax liabilities		**4,244**	5,390
		5,836	5,700
NET ASSETS		**92,060**	42,558

	Note	**2019**	2018
		HK$'000	*HK$'000*
Capital and reserves			
Share capital	*15*	**4,400**	—*
Reserves		**87,271**	42,186
Equity attributable to owners of the Company		**91,671**	42,186
Non-controlling interests		**389**	372
TOTAL EQUITY		**92,060**	42,558

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 24 January 2017. The shares of the Company were listed on GEM of the Stock Exchange by way of placing and public offer on 11 May 2018. The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is situated at 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (hereinafter collectively referred to as the "**Group**") is principally engaged in the provision of printing, typesetting and translation services in Hong Kong.

Pursuant to the group reorganisation to rationalise the group structure for the initial listing (the "**Initial Listing**") of the shares of the Company (the "**Reorganisation**"), the Company acquired the entire equity interests in the companies comprising the Group from Mr. So Wing Keung (the "**Ultimate Controlling Party**"). The Reorganisation was completed on 30 April 2017 and since then, the Company became the holding company of the companies comprising the Group (the "**Combined Entities**").

The Combined Entities and the Company are under the common control of the Ultimate Controlling Party prior to and after the Reorganisation, and that control is not transitory. Accordingly, the consolidated financial statements for the year ended 31 March 2019 (and the comparative information for the year ended 31 March 2018) have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The consolidated financial statements of the Group for the years ended 31 March 2019 and 2018 have been prepared on the basis as if the current group structure has been in existence throughout the relevant years, or since the respective dates of incorporation or establishment, where there is a shorter period.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

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

The consolidated financial statements also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

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

The Group has consistently applied all HKFRSs which are effective for the Group's financial year beginning on 1 April 2017 for the consolidated financial statements, except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as set out below.

Adoption of new / revised HKFRSs

The Group has applied, for the first time, the following new / revised HKFRSs that are relevant to the Group.

HK(IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognised the non-monetary asset or non-monetary liability arising from the advance consideration.

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

HKFRS 9: Financial Instruments

The following terms are used in these consolidated financial statements:

- FVPL: fair value through profit or loss.

- FVOCI: fair value through other comprehensive income.

- Designated FVOCI: equity instruments measured at FVOCI.

- Mandatory FVOCI: debt instruments measured at FVOCI.

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

In accordance with the transition provisions in HKFRS 9, comparative information has not been restated and the Group has applied HKFRS 9 retrospectively to financial instruments that existed at 1 April 2018 (i.e. the date of initial application), except as described below (if applicable):

(a) The following assessments are made on the basis of facts and circumstances that existed at the date of initial application:

    (i) the determination of the business model within which a financial asset is held;

    (ii) the designation of financial assets or financial liabilities at FVPL or, in case of financial assets, at Designated FVOCI; and

    (iii) the de-designation of financial assets or financial liabilities at FVPL.

    The above resulting classification shall be applied retrospectively.

(b) If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, a loss allowance is recognised at an amount equal to lifetime expected credit losses at each reporting date until the financial instrument is derecognised unless that financial instrument has low credit risk at a reporting date.

(c) For investments in equity instruments that were measured at cost under HKAS 39, the instruments are measured at fair value at the date of initial application.

Trade and other receivables and bank balances and cash classified under loans and receivables under HKAS 39 are transferred to financial assets measured at amortised cost under HKFRS 9.

The adoption of HKFRS 9 did not have any significant impact on the consolidated financial statements.

HKFRS 15: Revenue from contracts with customers

HKFRS 15 replaces, among others, HKAS 18 and HKAS 11 which specified the revenue recognition arising from sale of goods and rendering of services and the accounting for construction contracts respectively. HKFRS 15 establishes a comprehensive framework for revenue recognition and certain costs from contracts with customers within its scope. It also introduces 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 Group has elected to apply the cumulative effect transition method and recognised the cumulative effect of initial adoption as an adjustment to the opening balance of components of equity at 1 April 2018 (i.e. the date of initial application). Therefore, the comparative information has not been restated for the effect of HKFRS 15.

In addition, the Group has applied HKFRS 15 retrospectively only to contracts that were not completed at 1 April 2018 in accordance with the transition provisions therein.

Within the context of HKFRS 15, a receivable is an entity's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due. If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional, before the entity transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

Before the adoption of HKFRS 15, contract balances relating to provision of integrated printing services were presented in the consolidated statement of financial position under "amounts due from customers for service contracts", "amounts due to customers for service contracts" or "receipts in advance". However, under HKFRS 15, certain of the balances are reclassified into "contract assets" or "contract liabilities" where appropriate.

The tables below summarise the impact as a result of the initial adoption of HKFRS 15.

	Carrying amounts previously reported at 31 March 2018	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Contract assets			
Amounts due from customers for service contracts	1,089	(1,089)	—
Contract assets	—	1,089	1,089
Contract liabilities			
Amounts due to customers for service contracts	15	(15)	—
Contract liabilities	—	15	15

The adoption of HKFRS 15 did not have any significant impact on the consolidated financial statements.

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

Basis of measurement

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

Basis of consolidation / combinations

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

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated / combined from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

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

Allocation of total comprehensive income

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

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Merger accounting for common control combinations

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

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

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

Future changes in HKFRSs

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

Annual Improvements to HKFRSs	2015–2017 Cycle[1]
HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 19	Employee benefits[1]
Amendments to HKAS 28	Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKASs 1 and 8	Definition of Material[2]
Amendments to HKFRS 3	Definition of a Business[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective to acquisitions occur on or after the beginning of the first annual period beginning on or after 1 January 2020

4 Effective for annual periods beginning on or after 1 January 2021

5 The effective date to be determined

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

HKFRS 16 Leases

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

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of premises amounted to approximately HK$4,117,000 (2018: HK$9,787,000). The management of the Company does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expenses on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated statement of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's consolidated statement of cash flows.

3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the 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 of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

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

Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A	**13,831**	9,083

4. REVENUE

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within HKFRS 15		
At point in time		
— Commercial printing services	**46,543**	55,247
— Financial printing services — Financial documents	**19,708**	17,812
— Other services *(Note)*	**1,171**	1,903
Over time		
— Financial printing services — IPO documents	**6,554**	5,648
	73,976	80,610

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

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Exchange gain, net	**—**	55
Interest income	**642**	—
Sundry income	**510**	454
	1,152	509

6. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	2019	2018
	HK$'000	*HK$'000*
Finance costs		
— Interest on bank borrowings	**165**	263
— Finance charges on obligations under finance leases	**48**	25
	213	288
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**27,784**	26,823
— Contributions to defined contribution plans	**1,513**	1,521
Total staff costs	**29,297**	28,344
Other items		
Auditor's remuneration	**900**	800
Cost of inventories *(Note)*	**53,796**	55,158
Depreciation	**8,278**	9,276
Exchange loss (gain), net	**25**	(55)
Loss on disposal of property, plant and equipment, net	**4**	—
Operating lease charges for premises	**11,631**	11,626

Note: During the year ended 31 March 2019, cost of inventories included approximately HK$32,704,000 (2018: HK$33,466,000) relating to the aggregate amount of certain staff costs, depreciation and operating lease charges, which were included in the respective amounts as disclosed above.

7. TAXATION

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

For the year ended 31 March 2019, the assessable profits of a Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) is subject to the two tiered profits tax rates regime that the first HK$2 million of assessable profits will be taxed at 8.25% (the "**graduated tax rate**"), and assessable profits above HK$2 million will be taxed at 16.5% (the "**standard tax rate**"). The Hong Kong Profits Tax of other Hong Kong incorporated subsidiaries of the Group is calculated at the standard tax rate of 16.5% of their respective estimated assessable profits for the year ended 31 March 2019 (Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2018).

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax:		
Current year	**1,063**	2,214
Overprovision in prior year	**(112)**	(158)
	951	2,056
Deferred taxation	**(1,133)**	(1,388)
Income tax (credit) expenses	**(182)**	668

Reconciliation of income tax (credit) expenses

	2019	2018
	HK$'000	*HK$'000*
Loss before taxation	**(7,751)**	(7,894)
Income tax at applicable income tax rate	**(1,279)**	(1,303)
Effect on graduated tax rate	**(165)**	—
Non-deductible expenses	**1,600**	2,165
Tax exempt revenue	**(238)**	(18)
Overprovision in prior year	**(112)**	(158)
Others	**12**	(18)
Income tax (credit) expenses	**(182)**	668

8. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of calculating basic loss per share	**(7,736)**	(8,789)
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**427,945**	330,000

For the years ended 31 March 2019 and 2018, the weighted average number of ordinary shares for the purpose of calculating basic loss per share was on the basis as if the Capitalisation Issue had been effective on 1 April 2017.

Diluted loss per share are same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 March 2019 and 2018.

9. DIVIDENDS

During the year ended 31 March 2019, interim dividends of Nil and HK$150,000 (2018: HK$9,700,000 and HK$225,000) were declared and paid to the owners of the entities now comprising the Group by the Company and one of the subsidiaries of the Group, respectively.

No dividend was paid or declared by any group entities during the years ended 31 March 2019 and 2018.

10. CONTRACT ASSETS AND CONTRACT LIABILITIES

		As at 31 March 2019	As at 1 April 2018
	Note	***HK$'000***	*HK$'000*
			(Note)
Contract assets	*10(a)*	**2,865**	1,089
Contract liabilities	*10(b)*	**387**	15

Note: The amounts are after the adjustment from the application of HKFRS 15.

The contract assets primarily relate to the Group's rights to consideration for completion of certain financial printing services on IPO projects but not yet billed under the relevant contracts at the reporting date. The contract liabilities primarily relate to the advanced consideration received from customers. The contract assets are transferred to trade receivables when the rights become unconditional. Remaining rights and performance obligations in a particular contract is accounted for and presented on a net basis, as either a contract asset or a contract liability. As at 31 March 2019, none of the Group's contract assets were impaired.

There was no retention held by customers on services contracts as at 31 March 2019.

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract assets and contract liabilities with customers within HKFRS 15 during the year are as follows:

(a) Contract assets

	2019 ***HK$'000***
At the beginning of the reporting period	**1,089**
Addition for the year	**2,160**
Transferred to trade receivables for the year	**(384)**
At the end of the reporting period	**2,865**

(b) Contract liabilities

	2019 ***HK$'000***
At the beginning of the reporting period	**15**
Addition for the year	**387**
Revenue recognised for the year *(Note 4)*	**(15)**
At the end of the reporting period	**387**

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

11. TRADE AND OTHER RECEIVABLES

	Note	2019 HK$'000	2018 HK$'000
Trade receivables			
From third parties	*11(a)*	**13,047**	15,548
Other receivables			
Prepayments *(Note)*		**352**	3,404
Deposits and other receivables		**6,479**	4,963
		6,831	8,367
		19,878	23,915

Note: The amount included prepaid listing expenses of approximately Nil and HK$2,879,000 as at 31 March 2019 and 2018, respectively.

(a) Trade receivables from third parties

The ageing of trade receivables based on invoice date at the end of each reporting period is as follows:

	2019 HK$'000	2018 HK$'000
Less than 30 days	**9,006**	10,043
31 to 60 days	**1,298**	3,415
61 to 90 days	**2,063**	1,292
Over 90 days	**680**	798
	13,047	15,548

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

	2019	2018
	HK$'000	*HK$'000*
Neither past due nor impaired	**9,861**	9,754
Past due:		
Less than 30 days	**1,593**	4,609
31 to 60 days	**907**	494
61 to 90 days	**359**	461
Over 90 days	**327**	230
	3,186	5,794
	13,047	15,548

The Group normally grants credit terms up to 60 days from the date of issuance of invoices.

At 31 March 2018, 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.

12. TRADE AND OTHER PAYABLES

		2019	2018
	Note	*HK$'000*	*HK$'000*
Trade payables	*12(a)*	**2,328**	3,548
Other payables			
Accruals and other payables *(Note)*		**4,999**	5,379
Deposit received		**7,227**	7,650
		12,226	13,029
		14,554	16,577

Note: The amount included accrued listing expenses of approximately Nil and HK$2,619,000 as at 31 March 2019 and 2018, respectively.

(a) Trade payables

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

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

	2019	2018
	HK$'000	*HK$'000*
Less than 30 days	**1,613**	2,210
31 to 60 days	**424**	806
61 to 90 days	**291**	515
91 to 120 days	**—**	17
	2,328	3,548

13. BANK BORROWINGS

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

	2019	2018
	HK$'000	*HK$'000*
Bank borrowings – secured	**3,123**	6,687
Carrying amounts of bank borrowings that are repayable *(Note)*		
Within one year	**2,882**	3,564
More than one year, but not exceeding two years	**241**	2,882
More than two years, but not exceeding five years	**—**	241
Amounts shown under current liabilities	**3,123**	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 31 March 2019, the bank borrowings bore a floating interest rate at 1 month's Hong Kong Inter-bank Offered Rate plus 2.25% per annum *(2018: 1 month's Hong Kong Inter-bank Offered Rate plus 2.25% per annum)*. The effective interest rate on bank borrowings as at 31 March 2019 is approximately 3.57% *(2018: 2.84%)* per annum.

The bank borrowings are drawn under banking facilities. The banking facilities are secured and guaranteed by corporate guarantees given by the Company. The guarantees provided by the Ultimate Controlling Party, a subsidiary and a related company were released and replaced by guarantees given by the Company during the year.

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 31 March 2019 and 2018, none of the covenants relating to drawn down facilities had been breached.

14. 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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable:				
Within one year	**502**	339	**451**	328
In the second to fifth years inclusive	**1,661**	319	**1,592**	310
	2,163	658	**2,043**	638
Future finance charges	**(120)**	(20)	**—**	—
Present value of lease obligations	**2,043**	638	**2,043**	638
Amount due for settlement within 12 months			**451**	328
Amount due for settlement after 12 months			**1,592**	310
			2,043	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 31 March 2019, the effective interest rates for the obligations under finance leases are 2.82% (2018: 2.61%) per annum.

15. SHARE CAPITAL

		2019		2018	
		No. of shares		No. of shares	
	Note	***'000***	***HK$'000***	*'000*	*HK$'000*
Authorised:					
Ordinary shares of HK$0.01 each					
At the beginning of the reporting period	*15(a)*	**38,000**	**380**	38,000	380
Increase on 19 April 2018	*15(b)*	**99,962,000**	**999,620**	—	—
At the end of the reporting period		**100,000,000**	**1,000,000**	38,000	380
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At the beginning of the reporting period	*15(a)*	**—***	**—***	—*	—*
Issue of shares pursuant to the Capitalisation Issue	*15(c)*	**330,000**	**3,300**	—	—
Issue of shares pursuant to Share Offer	*15(d)*	**110,000**	**1,100**	—	—
At the end of the reporting period		**440,000**	**4,400**	—*	—*

* Represent the amounts less than HK$1,000

(a) 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.

(b) 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.

(c) 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.

(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 ("**Share Offer**"). The gross proceeds from the Share Offer amounted to HK$66,000,000. The expenses attributable to issue of shares pursuant to the placing and public offering of approximately HK$8,779,000 were recognised in the share premium account of the Company.

16. SHARE OPTION SCHEME

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

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

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

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

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

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

No option has been granted or exercised under the Scheme during the year ended 31 March 2019.

17. 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.

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following related party transactions during the years ended 31 March 2019 and 2018:

Name of related company	**Nature of transactions**	**2019** *HK$'000*	2018 *HK$'000*
Global Window Limited ("**Global Window**") *(Note (i))*	Rental expenses *(Note (ii))*	**6,343**	6,343

Notes:

(i) This related company is controlled by the Ultimate Controlling Party during the years ended 31 March 2019 and 2018.

(ii) This related party transaction constitutes continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

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

	2019 *HK$'000*	2018 *HK$'000*
Salaries, allowances and benefits in kind	**4,634**	3,866
Contributions to defined contribution retirement scheme	**152**	157
	4,786	4,023

19. 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:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**4,117**	8,842
In the second to third years	**—**	945
	4,117	9,787

20. EVENTS AFTER THE REPORTING PERIOD

In June 2019, the Ultimate Controlling Party has entered into a sale and purchase agreement with an independent third party to dispose of all of his equity interests in Global Window. The transaction is still in progress as at the date of this announcement. Following the completion of this transaction, the leasing of property from Global Window to the Group will cease to be regarded as continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established printing service provider principally engaged in the provision of commercial printing and financial printing services in Hong Kong. We have our own production base in Hong Kong to provide one-stop solutions to our customers from designing, typesetting, translation, printing, binding, lettershopping to direct mailing, etc..

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

Our printing business is supported by our in-house printing production factory located at No. 8, A Kung Ngam Village Road, Shaukeiwan, Hong Kong, with a usable area of approximately 52,860.7 sq. feets, as well as our in-house translation team in Hong Kong, which enables us to maintain timely and responsive printing and translation services to our commercial and financial printing customers.

For commercial printing services, the revenue decreased by approximately 15.8%, from approximately HK$55.2 million for the year ended 31 March 2018 to approximately HK$46.5 million for the year ended 31 March 2019. The increase in revenue from printing of textbooks and related publication materials were offset by the decrease in revenue from printing of direct mailing material, promotional and marketing materials. The increase in revenue from printing of textbooks and related publication materials was primarily due to the increased orders from the book publishers. The decrease in revenue from printing of direct mailing material, promotional and marketing materials mainly resulted from the increasing concern on environmental protection, the popularity of digitalisation of information, the rise of online marketing, social media and globalisation.

For financial printing services, the revenue from financial printing services increased by approximately 11.9%, from approximately HK$23.5 million for the year ended 31 March 2018 to approximately HK$26.3 million for the year ended 31 March 2019. The increase in revenue from financial printing services was mainly due to the increase in revenue from printing of financial reporting documents, compliance documents, initial public offerings ("**IPO**") prospectuses and application forms, which were mainly attributable to the increase in the number of customers, increase in the number of corporate transactions of our customers and increase in the number of engagement of IPO projects.

OUTLOOK

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 and it is classified into (i) commercial printing; (ii) financial printing; and (iii) others. Commercial printing service refers to printing services for our customers' needs of commercial paper printing products and the book publisher's needs of textbooks and leisure reading materials (such as novels, essays and articles). Financial printing services comprise design of 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 Listing Rules or the GEM Listing Rules. Others primarily comprise standalone ad hoc design and/or translation work ordered by corporate customers (which is not related to listing matters) on a case-by-case basis. The following table sets forth a breakdown of our revenue by service categories for the years indicated.

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Commercial printing services	**46,543**	55,247
Financial printing services	**26,262**	23,460
Other services	**1,171**	1,903
	73,976	80,610

Our revenue decreased by approximately 8.2% from approximately HK$80.6 million for the year ended 31 March 2018 to approximately HK$74.0 million for the year ended 31 March 2019. The reduction of revenue for the year ended 31 March 2019 as compared to last year was mainly due to the decrease in commercial printing services of approximately HK$8.7 million and other services of approximately HK$0.7 million.

Commercial printing

For commercial printing services, the revenue decreased by approximately 15.8%, from approximately HK$55.2 million for the year ended 31 March 2018 to approximately HK$46.5 million for the year ended 31 March 2019. The increase in printing revenue from printing of textbooks and related publication materials were offset by the decrease in printing revenue from printing of direct mailing material, promotional and marketing materials. The increase in revenue from printing of textbooks and related publication materials was primarily due to the increased orders from the book publishers. The decrease in revenue from printing of direct mailing material, promotional and marketing materials mainly resulted from the increasing in concern on environmental protection, the popularity of digitalisation of information, the rise of online marketing, social media and globalisation.

Financial printing

For financial printing services, the revenue from financial printing services increased by approximately 11.9%, from approximately HK$23.5 million for the year ended 31 March 2018 to approximately HK$26.3 million for the year ended 31 March 2019.

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

Other services

Revenue from other services decreased by approximately 38.5% from approximately HK$1.9 million for the year ended 31 March 2018 to approximately HK$1.2 million for the year ended 31 March 2019, resulting from the decrease in the standalone ad hoc sales orders.

Cost of services

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

Our cost of services decreased by approximately 2.5%, from approximately HK$55.2 million for the year ended 31 March 2018 to approximately HK$53.8 million for the year ended 31 March 2019. Such decrease was mainly attributable to the decrease in depreciation which was primarily due to certain plant and machineries which fully depreciated during the year ended 31 March 2019.

Gross profit and gross profit margin

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

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Revenue	**73,976**	80,610
Cost of services	**(53,796)**	(55,158)
Gross profit	**20,180**	25,452
Gross profit margin	**27.3%**	31.6%

For the year ended 31 March 2019, our gross profit decreased by approximately 20.7%, from approximately HK$25.5 million for the year ended 31 March 2018 to approximately HK$20.2 million for the year ended 31 March 2019, mainly due to the decrease in revenue generated from the provision of commercial printing services and other services. Our gross profit margin decreased from approximately 31.6% for the year ended 31 March 2018 to approximately 27.3% for the year ended 31 March 2019 primarily because of the decrease in sales outweighing the decrease in overall cost of services.

Other income

Other income increased by approximately 126.3%, from approximately HK$0.5 million for the year ended 31 March 2018 to approximately HK$1.2 million for the year ended 31 March 2019, mainly resulting from the increase in interest income of approximately HK$0.6 million resulted from the deposits of part of gross proceeds from the Share Offer to banks subsequent to the Listing.

Selling expenses

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

Selling expenses increased by approximately 9.7%, from approximately HK$2.2 million for the year ended 31 March 2018 to approximately HK$2.4 million for the year ended 31 March 2019. Selling expenses increased mainly due to the Group having recruited more sales staff for the year ended 31 March 2019 in order to enhance business and increase revenue in the foreseeable future.

Administrative and other operating expenses

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

Administrative expenses and other operating expenses increased by approximately 11.8%, from approximately HK$18.3 million for the year ended 31 March 2018 to approximately HK$20.5 million for the year ended 31 March 2019, mainly because of the increase in directors' emoluments and professional fees 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 26.0% from approximately HK$0.3 million for the year ended 31 March 2018 to approximately HK$0.2 million for the year ended 31 March 2019, primarily due to the decrease in interest expenses on bank borrowings following the repayment of the same.

Listing expenses

Our listing expenses incurred during the years ended 31 March 2018 and 2019 amounted to approximately HK$13.0 million and HK$5.9 million respectively.

Income tax expenses

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

No provision has been made for income tax in the British Virgin Islands (the "**BVI**") as our Group had no income subject to tax in the BVI for the years ended 31 March 2018 and 2019.

For the year ended 31 March 2019, the assessable profits of one of the Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) is subject to the two tiered profits tax rates regime that the first HK$2.0 million of assessable profits will be taxed at 8.25% and assessable profits above HK$2.0 million will be taxed at 16.5%. The Hong Kong Profits Tax of other Hong Kong incorporated subsidiaries of the Group is calculated at the standard tax rate of 16.5% of the respective estimated assessable profits for the year ended 31 March 2019 (Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2018).

For the years ended 31 March 2018 and 2019, we recorded income tax expenses of approximately HK$0.7 million and income tax credit of approximately HK$0.2 million respectively.

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

We recorded a loss and total comprehensive loss of approximately HK$7.6 million for the year ended 31 March 2019 (2018: loss and total comprehensive loss of approximately HK$8.6 million). If the listing expenses of approximately HK$5.9 million (2018: approximately HK$13.0 million) incurred during the year ended 31 March 2019 was excluded, we would have recorded loss and total comprehensive loss of approximately HK$1.7 million for the year ended 31 March 2019 (2018: profit and total comprehensive income of approximately HK$4.4 million).

Excluding the factor of listing expenses, the loss-making position for the year ended 31 March 2019 was mainly attributable to (1) decrease in total revenue by approximately HK$6.6 million which was resulted from the reduction in the orders from customers for commercial printing services because of the increasing concern on environmental protection, the popularity of digitalisation of information, the rise of online marketing, social media and globalisation, by approximately HK$8.7 million, from approximately HK$55.2 million for the year ended 31 March 2018 to approximately HK$46.5 million for the year ended 31 March 2019; and (2) the additional administrative and other operating expenses including directors' emoluments and professional fees after the Listing, by approximately HK$2.2 million, from approximately HK$18.3 million for the year ended 31 March 2018 to approximately HK$20.5 million for the year ended 31 March 2019.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2019, total borrowings of the Group amounted to approximately HK$5.2 million (2018: approximately HK$7.3 million) which represented all borrowings, including bank borrowings and obligations under finance leases. As at 31 March 2019, cash and bank balances of the Group amounted to approximately HK$62.1 million (2018: approximately HK$10.4 million).

As at 31 March 2019, the debt to equity ratio of the Group was nil (2018: nil), because our cash and cash equivalents were larger than our total debts as at 31 March 2018 and 2019. Debt to equity ratio is calculated by the net debt (all borrowings, including bank borrowings and obligations under finance leases, net of cash and cash equivalents) divided by the total equity as at the end of the financial year. Current ratio as at 31 March 2019 was approximately 4.7 times (2018: approximately 1.6 times).

As at 31 March 2019, the gearing ratio of the Group was 5.6% (2018: 17.1%). Gearing ratio is calculated based on all borrowings (including bank borrowings and obligations under finance leases) divided by total equity as at the end of the financial year.

The Group maintained sufficient working capital as at 31 March 2019 with cash and bank balances of approximately HK$62.1 million (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 31 March 2019, the Group's net current assets amounted to approximately HK$69.5 million (2018: net current assets 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 31 March 2019, the Group did not have any significant contingent liabilities (2018: nil).

CAPITAL COMMITMENTS

As at 31 March 2019, the Group did not have significant capital commitments contracted but not provided for (2018: nil).

PLEDGE OF ASSETS

As at 31 March 2019, none of the Group's financial assets was pledged. The bank borrowings are drawn under banking facilities. The banking facilities are secured and guaranteed by corporate guarantees given by the Company. The guarantees provided by the Ultimate Controlling Party, a subsidiary and a related company were released and replaced by corporate guarantees given by the Company during the year.

EXCHANGE RATE EXPOSURE

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

As at 31 March 2018 and 2019, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure from time to time and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 March 2019, the Group did not have any significant investments (2018: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the date of this announcement, 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 year ended 31 March 2019, 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 Strategies as stated in the Prospectus of the Company	Implementation plans	Actual business progress up to the date of this announcement
Continue organic growth by solidifying existing customer relationship and developing new relationship	• recruit experienced sales staff • enhance and strengthen marketing activities	• The Group hired some sales staff in 2018.
Acquire a permanent office space for financial printing services for our business expansion	• explore suitable premises	• N/A
Upgrade and acquire new equipment, hardware and software for financial printing services	• acquire new software and hardware • conduct training for staff • upgrade IT server	• The Group has leased a range of machineries under finance lease and purchased some office equipment.
Continue to attract and retain top talent in the industry	• recruit operation staff to support the growth of business	• The Group hired three sales staff in 2018.

USE OF PROCEEDS

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

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

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

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

Up to 31 March 2019, the Group had used the Net Proceeds as follows:

	Original allocation of Net Proceeds		**Utilisation up to 31 March 2019**	**Remaining balance of unused Net Proceeds as at 31 March 2019**
	HK$'000	*% of Net Proceeds*	*HK$'000*	*HK$'000*
Continue organic growth by solidifying existing customer relationship and developing new relationship	1,500	3.7%	235	1,265
Acquire a permanent office space	37,000	90.2%	—	37,000
Upgrade and acquire new equipment, hardware and software	2,500	6.1%	135	2,365
	41,000	100%	370	40,630

During the year ended 31 March 2019, the Group leased a range of machineries under finance lease with a lease term of five years and settled approximately HK$90,000. Besides during the year ended 31 March 2019, the Group purchased some office equipment for approximately HK$45,000. As at 31 March 2019, the utilized Net Proceeds were approximately HK$370,000 and the remaining proceeds as at 31 March 2019 were approximately HK$40.6 million. As of the date of this announcement, there were no changes of the business plans from those disclosed in the Prospectus.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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.

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

CODE PROVISION A.2.1

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 the Company are both performed by Mr. So Wing Keung ("**Mr. So**"). The Board considers that having Mr. So acting as both our chairman and chief executive officer will provide a strong and consistent leadership to the Group and allow more effective strategic planning and management of the Group. Further, in view of his experience in the industry, personal profile and role in the Group and historical development of the Group, we consider that it is to the benefit of the business prospects of the Group that Mr. So acts as both our chairman and chief executive officer of the Company. The Board considers 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 the Group, the Company will consult relevant Board committees and senior management. Considering the present size and the scope of business of the Group, the Board 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, the Directors consider that the present arrangement is beneficial to and in the best interest of the Group and its shareholders as a whole and the deviation from Code A.2.1 of the Code is acceptable 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 5.48 to 5.67 of the GEM Listing Rules (the "**Standard of Dealings**"), as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the Standard of Dealings from the date of Listing (i.e. 11 May 2018) or the date of appointment (whichever is later) and up to the date of this announcement.

DIVIDEND POLICY

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this announcement, at no time during the year ended 31 March 2019 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.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 44.6% and sales to the Group's largest customer amounted to approximately 18.6% of the total revenue for the year ended 31 March 2019, respectively. Purchases from the Group's five largest suppliers accounted for approximately 53.8% and purchases from the Group's largest supplier amounted to approximately 16.2% of the total purchases for the year ended 31 March 2019.

To the best knowledge of the Directors, neither the Directors, their close associates (as defined in the GEM Listing Rules), nor any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued Shares), had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended 31 March 2019.

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

During the year ended 31 March 2019, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

During the year ended 31 March 2019, interim dividends of Nil and HK$150,000 (2018: HK$9,700,000 and HK$225,000) were declared and paid to the owners of the entities now comprising the Group by the Company and one of the subsidiaries of the Group, respectively.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019.

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

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

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

		Number of shares or underlying shares held			Percentage of issued
Name of Directors	Capacity	Ordinary Shares	Share options	Total	share capital
Mr. So Wing Keung ("**Mr. So**")	Deemed interest, interest in controlled company	330,000,000 Shares	—	330,000,000 Shares	75%

Note:

The shares are registered in the name of Glorytwin Limited ("**Glorytwin**"), the issue share capital of which is legally and beneficially owned as to 90% by Colorful Bay Limited ("**Colorful Bay**"). Colorful Bay is legally and beneficially owned as to 100% by Mr. So. Therefore by virtue of the SFO, Mr. So is deemed to have the interest owned by Glorytwin.

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

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

Note:

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

Save as disclosed above, as at 31 March 2019, none of the Directors or chief executive of the Company had any interest or short position in Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 31 March 2019, the interests and short positions of the substantial shareholders of the Company (other than the Directors and the chief executives of the Company) in the Shares and underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein, were as follows:

Name of Substantial Shareholder	Long/ short position	Capacity	Number of Shares	Percentage of issued share capital
Glorytwin	Long position	Beneficial owner	330,000,000 Shares	75%
Colorful Bay	Long position	Deemed interest, interest in controlled company	330,000,000 Shares	75%

Note:

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

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

1. Purpose of the Share Option Scheme

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

2. Who may join

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

3. Grant and Acceptance of Option

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

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

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

4. Subscription price of Shares

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

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

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

(c) the nominal value of the Shares.

5. Maximum number of Shares

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

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

6. Time of exercise of options

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

7. **Period of Share Option Scheme**

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

No share option has been granted since the adoption of the Share Option Scheme up to the date of this announcement and there was no share option outstanding as at 31 March 2019.

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

INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2019, none of the Directors or any of their respective close associates (as defined under the GEM Listing Rules) were engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor were they aware of any other conflicts of interest which any such persons had or may have with the Group.

DEED OF NON-COMPETITION

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

Each of the Covenantors has confirmed his or its compliance with the terms of the Deed of Non-Competition and the independent non-executive Directors were not aware of any non-compliance of the Deed of Non-Competition given by the Covenantors up to the date of this announcement.

INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, VBG Capital Limited ("**VBG**"), as at 31 March 2019, 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.

AUDITOR

The consolidated financial statements for the year ended 31 March 2019 were audited by Mazars CPA Limited, *Certified Public Accountants*. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditor of the Company.

AUDIT COMMITTEE

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

The Audit Committee comprises all independent non-executive Directors. The Group's final results for the year ended 31 March 2019 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee is of the view that the annual results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.elegance.hk). The annual report of the Company for the year ended 31 March 2019 containing all the information required by the GEM Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

On behalf of the Board
Elegance Commercial and Financial Printing Group Limited
SO Wing Keung
Chairman and Chief Executive Officer

Hong Kong, 18 June 2019

As at the date of this announcement, 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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days after the date of publication and on the Company's website at www.elegance.hk.