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

2019 Annual Report

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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.

Content

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 4)*
Mr. Tam Pei Qiang *(Note 5)*
Mr. Cheung Wai Lun Jacky *(Note 5)*

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 4)*
Mr. Tam Pei Qiang *(Note 5)*
Mr. Cheung Wai Lun Jacky *(Note 5)*

REMUNERATION COMMITTEE
Ms. Ngan Sze Sze Stephanie *(Chairman)* *(Note 3)*
Mr. Tam Pei Qiang *(Chairman)* *(Note 5)*
Mr. Leung Shu Kin
Mr. Tong Ho Kai Eric *(Note 4)*
Mr. Cheung Wai Lun Jacky *(Note 5)*

NOMINATION COMMITTEE
Mr. Tong Ho Kai Eric *(Chairman)* *(Note 4)*
Mr. Cheung Wai Lun Jacky *(Chairman)* *(Note 5)*
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
Dah Sing Bank, Limited

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

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

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

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

HONG KONG LEGAL ADVISER
Raymond Siu & Lawyers

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

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

STOCK CODE
8391

WEBSITE
http://www.elegance.hk

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: Appointed on 22 October 2018 and will resign with effect from 30 June 2019

Note 5: Resigned with effect from 22 October 2018

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Elegance Commercial and Financial Printing Group Limited (the "Company"), I am pleased to present to you the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019.

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. Since 1980, we have accumulated a strong and 39-year experience in the commercial printing industry in Hong Kong. Our customers for commercial printing include reputable banks, insurance companies, corporate customers and their advertising agents and fund houses. In 1995, leveraging on our strengths and reputation in the printing industry, we expanded our business into the provision of financial printing services for listed companies and listing applicants in Hong Kong.

FINANCIAL REVIEW

The Group's 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, which was mainly attributable to the decrease in revenue from commercial printing services and other services.

OUTLOOK

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

Chairman's Statement

APPRECIATION

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

Yours sincerely,

So Wing Keung
Chairman and Chief Executive Officer

Hong Kong, 18 June 2019

Management Discussion and Analysis

BUSINESS REVIEW

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

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

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

For commercial printing services, the revenue decreased 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 Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") or the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules"). Others primarily comprise 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). Details on the average interest rate and maturity profile of the Group's total borrowings, including bank borrowings and obligations under finance leases, are set out in the notes 19, 20 and 28 to the consolidated financial statements.

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 (as defined in Note 1 to the consolidated financial statement), 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 annual report, the Group did not have any other plans for material investments and capital assets except for those disclosed in the section headed "Future Plan and Use of Proceeds" in the prospectus of the Company dated 30 April 2018 (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.

Apart from the risks stated above, we also face certain financial risks, details of which are stated in the note 28 to the consolidated financial statement.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The Group will endeavor to achieve the following business objectives:

Business Strategies as stated in the Prospectus of the Company	Implementation plans	Actual business progress up to the date of this report
Continue organic growth by solidifying existing customer relationship and developing new relationship	• 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

Business Strategies as stated in the Prospectus of the Company	Implementation plans	Actual business progress up to the date of this report
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 annual report, there were no changes of the business plans from those disclosed in the Prospectus.

EXECUTIVE DIRECTORS

Mr. So Wing Keung（蘇永強）("Mr. So"), aged 66, the founder of our Group, was appointed as our Director on 24 January 2017 and re-designated as our executive Director on 11 September 2017. Mr. So was appointed as the chairman of the Board of our Company on 11 September 2017. He is also the founder and a director of Elegance Printing Company Limited since April 1992, a director of Elegance Finance Printing Services Limited since February 1995, a director of Teamco Translation Limited since April 1998 and a director of Elegance Document Solutions Limited since December 1998. Mr. So is also a director of Elegance Printing Holding Limited and Elegance Printing Services Holding Limited since February 2017, a director of Qing Heng Investment Limited since June 2018, a director of Elegance Finance Investment Limited since July 2018 and a director of ELE Print Solutions Limited since February 2019. He is also an authorised representative of the Company. He is primarily responsible for overall strategic planning and supervising the daily operation of our Group.

Mr. So has over 39 years of experience in the printing industry in Hong Kong. Prior to establishing our Group in April 1992, Mr. So established "Elegance Printing Co." as a sole proprietorship in April 1980 which was engaged in the business of commercial printing.

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

Mr. Leung Shu Kin（梁樹堅）("Mr. Leung"), aged 66, was appointed as our Director on 24 January 2017 and re-designated as our executive Director and compliance officer of our Company on 11 September 2017, and is primarily responsible for overall strategic planning, internal control and supervising the financial printing aspects of our Group. He is a member of the remuneration committee and nomination committee. Mr. Leung joined our Group in February 1999 to primarily supervise the financial printing operation of our Group. Since then, Mr. Leung has over 20 years of experience in the printing industry. Prior to joining our Group, Mr. Leung has served in a number of internationally renowned banks and has accumulated abundant corporate and management experience. He worked at the Bank of America from July 1978 to May 1983 and then at The First National Bank of Boston, Hong Kong until April 1992, primarily responsible for corporate lending and credit control matters. In May 1992, he worked at Banco Seng Heng（誠興銀行）(currently known as Industrial and Commercial Bank of China (Macau)) as the group general manager until January 1994. After that, Mr. Leung focused on his own business, Parktrade Finance Company Limited and Parktrade Financial Consultants Limited, until he joined our Group in February 1999.

Mr. Leung has also been a director of Elegance Printing Company Limited since May 2001, a director of Elegance Finance Printing Services Limited since December 2001, a director of Teamco Translation Limited since December 2001 and a director of Elegance Document Solutions Limited since December 2001. Mr. Leung is also a director of Elegance Printing Holding Limited and Elegance Printing Services Holding Limited since February 2017, a director of Qing Heng Investment Limited since June 2018 and a director of Elegance Finance Investment Limited since July 2018.

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

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

Ms. Lam Yat Ting (林溢婷) ("Ms. Lam"), aged 37, was appointed as an executive Director and company secretary of our Company on 1 September 2018. She is also currently an authorised representative of our Company. She is primarily responsible for overseeing corporate secretarial duties and corporate governance matters of our Group.

Ms. Lam has over 11 years of experience in accounting and audit. Prior to joining our 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. Ms. Lam is also a financial controller of Man Lee Management Limited, a subsidiary of Asia Resources Holdings Limited (Stock Code: 899) since May 2018 and the company secretary of Mindtell Technology Limited (Stock Code: 8611) since March 2018.

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 the Hong Kong Institute of Certified Public Accountants since January 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwong Chi Wing (鄺治榮) ("Mr. Kwong"), aged 41, was appointed as an independent non-executive Director of our Company on 19 April 2018, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of the audit committee and a member of the nomination committee.

Mr. Kwong has experience in accounting, auditing, corporate finance and financial management. Since September 2001, Mr. Kwong has worked in a number of accounting firms and private and public companies, serving positions such as accountant, audit manager, and finance manager. From May 2012 to February 2014, Mr. Kwong served as the financial controller of Topping Win International Limited. From March 2014 to October 2015, he served as the financial controller of Global Swimwear Limited. From November 2015 to 2018, Mr. Kwong served as the chief financial officer of Fook Tai Jewellery Group Limited. Currently, he has served as the chief financial officer of Global Development Holdings Limited.

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

Ms. Ngan Sze Sze Stephanie（顏絲絲）("Ms. Ngan"), aged 44, was appointed as an independent non-executive Director of our Company on 22 October 2018, and 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"), aged 42, was appointed as an independent non-executive Director of our Company on 22 October 2018, and 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.

SENIOR MANAGEMENT

Mr. Wong Kin Pong（黃建邦）("Mr. Wong"), aged 60, is currently the senior operation director of our Group. Mr. Wong is primarily responsible for supervising the operations, sales and quality control of printing matters of our Group.

Mr. Wong has over 36 years of experience in the printing industry in Hong Kong. He joined Mr. So's printing business, "Elegance Printing Co.", in March 1983, primarily responsible for printing operation. He joined our Group since incorporation, and was engaged for the positions of sales manager and senior operation director.

Mr. Wong is also a director of Elegance Printing Company Limited since September 1992, a director of Elegance Finance Printing Services Limited since February 1995, a director of Teamco Translation Limited since April 1998 and director of Elegance Document Solutions Limited since December 2001.

Mr. Wong was awarded a Craft Certificate in Graphic Reproduction (Apprentices) by the Vocational Training Council on 31 July 1980.

Ms. Chan Tsz Wan (陳子韻) ("Ms. Chan"), aged 47, is currently the senior account director of our Company. Ms. Chan is primarily responsible for supervising sales and marketing in our Group.

Ms. Chan has over 24 years of experience in the printing industry. In July 1995, she joined our Group as our sales executive until September 2006. In February 2007, she re-joined our Group as our senior account director.

Ms. Chan received a higher diploma certificate in public and social administration from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) in December 1994, and obtained a bachelor of arts degree in public administration and management from De Montfort University through part-time mode in June 1997.

Ms. Eugenia Wong (黃懿君) ("Ms. Wong"), aged 44, is currently the translation operation director of our Company. Ms. Wong is primarily responsible for overseeing the translation operation and supervising the translation team of our Group.

Ms. Wong has accumulated over 18 years of experience in the translation field. She joined our Group in June 2000, serving various positions ranging from translator, senior translation manager to the current position of translation operation director.

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

Ms. Kent Shun Ming (簡順明) ("Ms. Kent"), aged 52, is the chief financial officer of our Company, and oversees the financial and administrative functions of our Group.

Ms. Kent has over 23 years of experience in the printing industry and financial and administrative matters and over 29 years of experience in accounting. Prior to joining our Group, Ms. Kent has worked at various accounting firms and companies between July 1989 and January 1996, holding posts ranging from junior audit clerk to assistant accountant, primarily responsible for accounting matters. She joined our Group in April 1996 and since then she has served as the internal accountant and financial and administrative manager, and was subsequently promoted to the chief financial officer of our Group.

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

CORPORATE GOVERNANCE PRACTICES

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The roles of chairman and chief executive officer of 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 our Group, we consider that it is to the benefit of the business prospects of the Group that Mr. So acts as both the 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.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

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

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

Pursuant to the Articles, Ms. Lam Yat Ting, Mr. Kwong Chi Wing and Ms. Ngan Sze Sze Stephanie will retire from office as Directors at the forthcoming AGM, and being eligible, will offer themselves for re-election.

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

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

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Standard of Dealings"), as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the Standard of Dealings from the date of Listing (i.e. 11 May 2018) or the date of appointment (whichever is later) and up to the date of this annual report.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 March 2019 and up to the date of this annual report are as follows:

Board of Directors

Executive Directors
Mr. So Wing Keung (Chairman and Chief Executive Officer)
Mr. Leung Shu Kin
Ms. Lam Yat Ting (appointed on 1 September 2018)

Independent Non-Executive Directors
Mr. Tam Pei Qiang (resigned with effect from 22 October 2018)
Mr. Kwong Chi Wing
Mr. Cheung Wai Lun Jacky (resigned with effect from 22 October 2018)
Ms. Ngan Sze Sze Stephanie (appointed on 22 October 2018)
Mr. Tong Ho Kai Eric (appointed on 22 October 2018 and will resign with effect from 30 June 2019)

The brief biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 17 to 20 of the annual report.

The Company had complied with the requirements under Rule 5.05(1) and (2), and 5.05A of the GEM Listing Rules during the year ended 31 March 2019 and up to the date of this annual report. The Company considers all independent non-executive Directors meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.

FUNCTIONS OF THE BOARD

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

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

BOARD MEETINGS AND PROCEDURES

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

Corporate Governance Report

During the year ended 31 March 2019, details of the attendance of the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings, and general meeting of the Company held are summarised as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
Executive Directors					
Mr. So Wing Keung	6/6	N/A	N/A	N/A	1/1
Mr. Leung Shu Kin	6/6	N/A	3/3	3/3	1/1
Ms. Lam Yat Ting (appointed on 1 September 2018)	3/3	N/A	N/A	N/A	0/0
Independent Non-executive Directors					
Mr. Tam Pei Qiang (resigned with effect from 22 October 2018)	4/4	2/2	3/3	N/A	1/1
Mr. Kwong Chi Wing	6/6	4/4	N/A	3/3	1/1
Mr. Cheung Wai Lun Jacky (resigned with effect from 22 October 2018)	4/4	2/2	3/3	3/3	1/1
Ms. Ngan Sze Sze Stephanie (appointed on 22 October 2018)	2/2	2/2	0/0	0/0	0/0
Mr. Tong Ho Kai Eric (appointed on 22 October 2018 and will resign with effect from 30 June 2019)	2/2	2/2	0/0	0/0	0/0

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

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

The Audit Committee currently consists of three members, namely Mr. Kwong Chi Wing (Chairman), Ms. Ngan Sze Sze Stephanie and Mr. Tong Ho Kai Eric, all being 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.

The Audit Committee held four (4) meetings for the period from the date of Listing on 11 May 2018 to the date of this annual report. Details of the attendance of the Audit Committee meetings are set out above.

At the meeting, the Audit Committee had reviewed the Group's audited consolidated financial statements for the year ended 31 March 2018, the first quarterly results of the Group for the three months ended 30 June 2018, the interim results of the Group for the six months ended 30 September 2018 and the third quarterly results of the Group for the nine months ended 31 December 2018 respectively, with a recommendation to the Board for approval. In addition, the Audit Committee had reviewed the Group's financing and accounting policies. The Audit Committee also reviewed the continuing connected transactions. In addition, it has reviewed the risk management and internal control systems of the Group and made recommendations to the Board accordingly.

REMUNERATION COMMITTEE

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

The Remuneration Committee currently consists of three members, namely, Ms. Ngan Sze Sze Stephanie (Chairman) and Mr. Tong Ho Kai Eric, both of whom being independent non-executive Directors, and Mr. Leung Shu Kin, an executive Director. The majority of the members of the Remuneration Committee are independent non-executive Directors. The remuneration of the Directors is determined with reference to, among other things, their duties, responsibilities and performance. The Remuneration Committee makes recommendations to the Board on remuneration packages of individual Directors and the members of senior management.

The Remuneration Committee held three (3) meetings for the period from the date of Listing on 11 May 2018 to the date of this annual report. Details of the attendance of the Remuneration Committee meeting are set out above.

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

NOMINATION COMMITTEE

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

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

— Reputation for integrity;

— Accomplishment and experience in the commercial printing and financial printing industry;

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

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

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

The Nomination Committee currently consists of four members, namely, Mr. Tong Ho Kai Eric (Chairman), Mr. Kwong Chi Wing and Ms. Ngan Sze Sze Stephanie, both of whom being independent non-executive Directors and Mr. Leung Shu Kin, an executive Director. The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee held three (3) meetings for the period from the date of Listing on 11 May 2018 to the date of this annual report. Details of the attendance of the Nomination Committee meeting are set out above.

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

DIVERSITY OF THE BOARD

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director will receive a formal, comprehensive and tailor-made induction training on the first occasion of his appointment to ensure that he has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under the statues and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. During the year ended 31 March 2019, the Directors had received induction training conducted by the Company's Hong Kong legal advisers in respect of their duties and responsibilities as a director of a listed company.

The Company will from time to time provide briefings to all Directors to refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses provided by legal advisers and/or any appropriated institutions at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors (including Directors' induction training) for the year ended 31 March 2019 and up to the date of this annual report are summarised as follows:

Name of Directors	Type of trainings
Mr. So Wing Keung	A, B
Mr. Leung Shu Kin	A, B
Ms. Lam Yat Ting (appointed on 1 September 2018)	A, B
Mr. Tam Pei Qiang (resigned with effect from 22 October 2018)	A, B
Mr. Kwong Chi Wing	A, B
Mr. Cheung Wai Lun Jacky (resigned with effect from 22 October 2018)	A, B
Ms. Ngan Sze Sze Stephanie (appointed on 22 October 2018)	A, B
Mr. Tong Ho Kai Eric (appointed on 22 October 2018 and will resign with effect from 30 June 2019)	A, B

A: attending seminars/conferences/forums/training sessions

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

COMPANY SECRETARY

Ms. Lam Yat Ting is the company secretary of the Company. All Directors have access to the advice and services of the company secretary. The company secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed, and for facilitating communications among Directors as well as with shareholders of the Company (the "Shareholders") and management.

Please refer to the section headed "Biographies of Directors and Senior Management" of this annual report for the biographical details of the Company secretary of the Company.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 7 and 8 to the consolidated financial statements.

The remunerations of the Directors and senior management of the Group for the year ended 31 March 2019 fall within the following band:

Remuneration band	Number of directors and senior management
Nil to HK$1,000,000	9
HK$1,000,001 to HK$1,500,000	1

EMOLUMENT POLICY

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

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

DIRECTORS' REMUNERATION

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

EXTERNAL AUDITORS' REMUNERATION

The Company engaged Mazars CPA Limited as its auditor for the year ended 31 March 2019. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the auditors. During the year ended 31 March 2019, the fees paid/payable to Mazars CPA Limited in respect of its audit services provided to the Group for the year ended 31 March 2019 amounted to HK$0.9 million.

RISK MANAGEMENT AND INTERNAL CONTROL

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

The Company recognises that good internal control and risk management are essential for the long-term and sustainable growth of a business. The Group has established a governance structure and the major responsibilities of each role of the structure. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, and management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness and adequacy of these systems for the year ended 31 March 2019.

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

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

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

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

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

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

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

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

The Audit Committee reviewed the internal control review report issued by the independent consultancy company on the Company's risk management and internal control systems in respect of the year ended 31 March 2019 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 March 2019 as required under code provision C.2.5 of the Code. The Board and the Audit Committee have considered the internal control review report prepared by the independent consultancy company and communicated with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems.

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

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

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

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

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

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

THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

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

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

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

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

Elegance Commercial and Financial Printing Group Limited

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

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

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

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

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

For the purpose of the Listing, the memorandum of association and the Articles were amended and conditionally adopted on 19 April 2018 and became effective from 11 May 2018. Save as disclosed, there had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2019 and up to the date of this annual report.

Report of the Directors

The board (the "Board") of directors (the "Directors") of Elegance Commercial and Financial Printing Group Limited (the "Company") presents herewith this report of the Directors together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019.

GROUP REORGANISATION

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

PRINCIPAL ACTIVITIES

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

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

BUSINESS REVIEW AND FUTURE BUSINESS DEVELOPMENT

The business review and future business development of the Group for the year ended 31 March 2019 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Risks and uncertainties

The principal risks and uncertainties facing our Group have been addressed in the section headed "Management Discussion and Analysis" on pages 6 to 16 of this annual report. In addition, various financial risks have been disclosed in note 28 to the consolidated financial statements.

Environmental protection

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

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has reviewed on an ongoing basis the newly enacted laws and regulations affecting the operations of the Group. Save as disclosed in the Prospectus, the Group is not aware of any material non-compliance with the laws and regulations that has a significant impact on the business of the Group during the year ended 31 March 2019. All of the non-compliance incidents as disclosed in the Prospectus that are capable of being rectified had been rectified.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

The Group also maintains a good relationship with its suppliers. During the year ended 31 March 2019, no complaint was received from the suppliers, there were no disputed debts or unsettled debts and all the debts were settled on or before due dates or a later date as mutually agreed.

During the year ended 31 March 2019, there were no disputes on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under individual employees' employment contracts. The Group also ensures that all employees are reasonably remunerated by regular review of the policies on salary increment, promotion, bonus, allowances and all other related benefits.

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

EMPLOYEES

The Group had 105 employees (including the Directors) as at 31 March 2019 (2018: 100 employees) in Hong Kong. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance based bonus. The Group enters into standard employment contracts with its staff which contain provisions on intellectual property rights and confidentiality.

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

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

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

RESULTS AND APPROPRIATIONS

The financial results of the Group for the year ended 31 March 2019 and the financial positions of the Company and the Group as at 31 March 2019 are set forth in the audited consolidated financial statements on page 56 to 121 of this annual report.

DIVIDEND POLICY

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

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

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

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

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last three financial years is set out on page 122 of this annual report. This summary does not form part of the audited consolidated financial statements in this annual report.

RESERVES

Movements in the reserves of the Group during the years ended 31 March 2018 and 2019 are set out in the consolidated statement of changes in equity on page 59 of this annual report.

DISTRIBUTABLE RESERVES

Details of movements during the years ended 31 March 2018 and 2019 in the reserves and reserves available for distribution to the Company's shareholders of the Group and the Company are set out on page 59 of this annual report and in note 32 to the consolidated financial statements. The Company did not have any distributable reserves as at 31 March 2019.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the years ended 31 March 2018 and 2019 are set out in note 13 to the consolidated financial statements in this annual report.

DONATIONS

During the year ended 31 March 2019, the Group did not make any charitable donations (2018: Nil).

SHARE CAPITAL

Details of movements in share capital of the Company during the years ended 31 March 2018 and 2019 are set out in note 22 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors who held office during the year ended 31 March 2019 and up to the date of this annual report are as follows:

Executive Directors

Mr. So Wing Keung (Chairman and Chief Executive Officer)
Mr. Leung Shu Kin
Ms. Lam Yat Ting (appointed on 1 September 2018)

Independent Non-Executive Directors

Mr. Tam Pei Qiang (resigned with effect from 22 October 2018)
Mr. Kwong Chi Wing
Mr. Cheung Wai Lun Jacky (resigned with effect from 22 October 2018)
Ms. Ngan Sze Sze Stephanie (appointed on 22 October 2018)
Mr. Tong Ho Kai Eric (appointed on 22 October 2018 and will resign with effect from 30 June 2019)

In accordance with the Articles, Ms. Lam Yat Ting, Mr. Kwong Chi Wing and Ms. Ngan Sze Sze Stephanie will retire at the forthcoming annual general meeting, and all being eligible, will offer themselves for re-election as the Directors at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

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

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

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 17 to 20 of this annual report.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors during the year ended 31 March 2019 are set out in note 7 to the consolidated financial statements in this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme" in this annual report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company subsisting during or at the end of the year ended 31 March 2019.

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.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2019, the Group had the following continuing connected transaction, certain details of which are disclosed in compliance with the requirements of Chapter 20 of the GEM Listing Rules. Such transaction was the same as the set out in the related party transaction as disclosed in note 27 to the consolidated financial statements in this annual report.

Tenancy agreement relating to Hong Kong premises in Shaukeiwan

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

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

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

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

Annual caps

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

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

Note: In June 2019, the Ultimate Controlling Party has entered into a sale and purchase agreement with an independent third party to dispose all of his equity interests in Global Window. The transaction is still not yet completed as at the date of this annual report. Following the completion of this transaction, the leasing of property by Global Window to the Group will cease to be a continuing connected transaction under Chapter 20 of the GEM Listing Rules.

Basis for determining the annual caps

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

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

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

Confirmations from independent non-executive Directors and reports from auditors

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

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

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

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.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

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

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

Note:

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

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

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

Note:

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

Save as disclosed above, as at 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 annual report 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 annual report.

DIRECTORS' EMOLUMENT POLICY

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

INTERESTS OF COMPLIANCE ADVISER

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 21 to 33 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

PERMITTED INDEMNITY PROVISION

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

AUDITOR

The consolidated financial statements for the year ended 31 March 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.

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 all of his equity interests in Global Window. The transaction is still not yet completed as at the date of this annual report. Following the completion of this transaction, the leasing of property by Global Window to the Group will cease to be a continuing connected transaction under Chapter 20 of the GEM Listing Rules.

On behalf of the Board

Mr. So Wing Keung
Chairman and Chief Executive Officer

Hong Kong, 18 June 2019

Independent Auditor's Report

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

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

OPINION

We have audited the consolidated financial statements of Elegance Commercial and Financial Printing Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 56 to 121, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2019, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition *Refer to Notes 2 and 4 to the consolidated financial statements.* The Group recognised revenue of approximately HK$73,976,000 (2018: HK$80,610,000) from the provision of integrated printing services for the year ended 31 March 2019. Revenue from provision of financial printing services on IPO projects of approximately HK$6,554,000 (2018: HK$5,648,000) is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. This is identified as a key audit matter because the amount involved is significant and management used significant judgements and estimations to determine the progress towards complete satisfaction of the performance obligation at the reporting date.	Our key audit procedures included: (a) inspecting key contract terms as stipulated in sales contracts or quotation signed, on a sample basis, to assess the appropriateness of the Group's revenue recognition accounting policies with reference to the requirements of the prevailing accounting standards; (b) checking the reasonableness of the estimated total services costs to complete the projects by tracing to the contracts signed with respective customers and assessing the reasonableness of the data used in the estimation with reference to historical records of similar project; and (c) checking, on a sample basis, the supporting documents of and the mathematical accuracy of the incurred costs to date.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Recognition of expenses for the initial listing of the shares of the Company *Refer to Note 2 to the consolidated financial statement.*	
Relevant costs incurred for the initial listing of the shares of the Company amounted to approximately HK$14,707,000 (2018: HK$13,010,000) are allocated and classified among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue, on the basis that whether the costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively. During the year ended 31 March 2019, costs attributable to issue of new shares of approximately HK$8,779,000 (2018: Nil) were recognised in equity as a reduction of share premium and costs attributable to obtaining the listing status of approximately HK$5,928,000 (2018: HK$13,010,000) were charged to profit or loss. We have identified the above matter as a key audit matter because the amount involved is significant and the classification and allocation of relevant costs incurred involves a significant degree of management judgement.	Our key audit procedures included: (a) enquiring of the management on the bases of classification and allocation for the relevant costs and assessing the reasonableness of these bases with reference to the applicable accounting standards and guidelines; and (b) checking samples of expenses items that made up the total costs incurred for the initial listing of the shares of the Company to invoices and agreements to confirm the natures of the items and checking whether these items have been correctly classified and allocated accordingly to the bases determined by the management.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2019 annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

Mazars CPA Limited
Certified Public Accountants
Hong Kong,

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

Consolidated Statement of Comprehensive Income

Year ended 31 March 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)	9	**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	10	**(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	13	**28,390**	34,128
Deferred tax assets	21	**54**	67
		28,444	34,195
Current assets			
Inventories	14	**2,084**	2,391
Contract assets	15	**2,865**	—
Amounts due from customers for service contracts	16	**—**	1,089
Trade and other receivables	17	**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	15	**387**	—
Amounts due to customers for service contracts	16	**—**	15
Trade and other payables	18	**14,554**	16,577
Bank borrowings	19	**3,123**	6,687
Obligations under finance leases	20	**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	20	**1,592**	310
Deferred tax liabilities	21	**4,244**	5,390
		5,836	5,700
NET ASSETS		**92,060**	42,558

Consolidated Statement of Financial Position

As at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Capital and reserves			
Share capital	22	**4,400**	—*
Reserves	23	**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*

The consolidated financial statements on pages 56 to 121 were approved and authorised for issue by the Board of Directors on 18 June 2019 and signed on its behalf by

SO Wing Keung
Director

LEUNG Shu Kin
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2019

	Attributable to owners of the Company						
		Reserves					
	Share capital *HK$'000* *(Note 22)*	Share premium *HK$'000* *(Note 23(a))*	Capital reserve *HK$'000* *(Note 23(b))*	Acc-umulated profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2017	—*	—	17,802	42,873	60,675	370	61,045
(Loss) Profit and total comprehensive (loss) income for the year	—	—	—	(8,789)	(8,789)	227	(8,562)
Transactions with owners							
Contributions and distributions							
Dividends *(Note 11)*	—	—	—	(9,700)	(9,700)	(225)	(9,925)
At 31 March 2018	—*	—	17,802	24,384	42,186	372	42,558
At 1 April 2018	**—***	**—**	**17,802**	**24,384**	**42,186**	**372**	**42,558**
(Loss) Profit and total comprehensive (loss) income for the year	**—**	**—**	**—**	**(7,736)**	**(7,736)**	**167**	**(7,569)**
Transactions with owners							
Contributions and distributions							
Issue of shares pursuant to the Share Offer	**1,100**	**64,900**	**—**	**—**	**66,000**	**—**	**66,000**
Issue of shares pursuant to the Capitalisation Issue	**3,300**	**(3,300)**	**—**	**—**	**—**	**—**	**—**
Transaction costs attributable to issue of shares	**—**	**(8,779)**	**—**	**—**	**(8,779)**	**—**	**(8,779)**
Dividends *(Note 11)*	**—**	**—**	**—**	**—**	**—**	**(150)**	**(150)**
Total transactions with owners	**4,400**	**52,821**	**—**	**—**	**57,221**	**(150)**	**57,071**
At 31 March 2019	**4,400**	**52,821**	**17,802**	**16,648**	**91,671**	**389**	**92,060**

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

Consolidated Statement of Cash Flows

Year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(7,751)**	(7,894)
Adjustments for:		
Depreciation	**8,278**	9,276
Interest income	**(642)**	—
Finance costs	**213**	288
Loss on disposal of property, plant and equipment, net	**4**	—
Operating cash inflows before movements in working capital	**102**	1,670
Changes in working capital:		
Inventories	**307**	(453)
Contract assets	**(1,776)**	—
Amounts due from customers for service contracts	**—**	(649)
Trade and other receivables	**4,037**	(2,569)
Contract liabilities	**372**	—
Amounts due to customers for service contracts	**—**	(485)
Trade and other payables	**(2,023)**	121
Cash generated from (used in) operations	**1,019**	(2,365)
Income tax paid	**(2,074)**	(2,515)
Interest received	**642**	—
Net cash used in operating activities	**(413)**	(4,880)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(759)**	(127)
Net cash used in investing activities	**(759)**	(127)

Consolidated Statement of Cash Flows

Year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(3,564)**	(5,606)
Repayment of obligations under finance leases	**(380)**	(1,008)
Repayment to a director	**—**	(168)
Proceeds from Share Offer	**66,000**	—
Payment for transaction costs attributable to issue of shares	**(8,779)**	—
Interest paid	**(213)**	(277)
Dividends paid	**(150)**	(9,925)
Net cash from (used in) financing activities	**52,914**	(16,984)
Net increase (decrease) in cash and cash equivalents	**51,742**	(21,991)
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	**62,145**	10,403

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Elegance Commercial and Financial Printing Group Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 24 January 2017. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer on 11 May 2018. The registered office of the Company is situated at 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.

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

Statement of compliance *(Continued)*

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

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

The Group has consistently applied all HKFRSs which are effective for the Group's financial year beginning on 1 April 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.

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

Adoption of new / revised HKFRSs *(Continued)*

HKFRS 9: Financial Instruments *(Continued)*

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.

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

Adoption of new / revised HKFRSs *(Continued)*

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.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new / revised HKFRSs *(Continued)*

HKFRS 15: Revenue from contracts with customers *(Continued)*

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.

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

Basis of consolidation / combinations *(Continued)*

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.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation / combinations *(Continued)*

Merger accounting for common control combinations *(Continued)*

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.

Subsidiaries

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

In the Company's statement of financial position as set out in Note 32 to the consolidated financial statements, investments in subsidiaries are stated at cost less impairment loss, if any. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and / or receivable.

Property, plant and equipment

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Financial instruments

Financial assets

Recognition and derecognition

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

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

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Recognition and derecognition *(Continued)*

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

Classification and measurement – applicable from 1 April 2018

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) Mandatory FVOCI; (iii) Designated FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first interim reporting period, where appropriate, following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and measurement – applicable from 1 April 2018 *(Continued)*

Financial assets measured at amortised cost *(Continued)*

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables and bank balances and cash.

Classification and measurement – applicable before 1 April 2018

Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

Loans and receivables

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

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

Financial instruments *(Continued)*

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

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

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the reporting period, respectively. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, respectively, or where appropriate, a shorter period.

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

Financial instruments *(Continued)*

Impairment of financial assets and other items under HKFRS 9

Applicable from 1 April 2018

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost and contract assets to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) industry of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Applicable from 1 April 2018 (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

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

Assessment of significant increase in credit risk

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

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Applicable from 1 April 2018 (Continued)

Assessment of significant increase in credit risk *(Continued)*

- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the receivables for which the Group has reasonable and supportable information to demonstrate that previous non-payments were an administrative oversight, instead of resulting from financial difficulty of the borrower, or that there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Other receivables and bank balances and cash are determined to have low credit risk.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Applicable from 1 April 2018 (Continued)

Simplified approach of ECL

For trade receivables and contract assets, without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items under HKFRS 9 *(Continued)*

Applicable from 1 April 2018 (Continued)

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 1 year past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due. Any subsequent recovery is recognised in profit or loss.

Applicable before 1 April 2018

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

Cash equivalents

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Applicable from 1 April 2018

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is provision of printing, typesetting and translation services.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Applicable from 1 April 2018 (Continued)

Revenue from contracts with customers within HKFRS 15 *(Continued)*

Timing of revenue recognition *(Continued)*

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Applicable from 1 April 2018 (Continued)

Revenue from contracts with customers within HKFRS 15 *(Continued)*

Timing of revenue recognition *(Continued)*

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

Transaction price: significant financing components

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

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

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Applicable from 1 April 2018 (Continued)

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Applicable before 1 April 2018

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

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

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

Contract assets and contract liabilities

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Contract assets and contract liabilities *(Continued)*

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

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

Inventories

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

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

Impairment of other assets

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

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impairment of other assets *(Continued)*

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

Borrowing costs

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

Leases

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

As lessee

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

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

Employee benefits

Short term employee benefits

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

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

Employee benefits *(Continued)*

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

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

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

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

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

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

Related parties *(Continued)*

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

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

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

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

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

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

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

Segment reporting

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

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

Critical accounting estimates and judgments

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

(a) Key sources of estimation uncertainty

Estimation of useful lives of property, plant and equipment

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

Loss allowance for ECL

The Group's management estimates the loss allowance for trade receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgments *(Continued)*

(b) Critical judgement made in applying accounting policies

Revenue Recognition

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

Recognition of costs for the Initial Listing

The management determines the allocation and classification of relevant costs incurred for Initial Listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue based on its judgement on whether such costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively. During the year ended 31 March 2019, costs attributable to issue of new shares of approximately HK$8,779,000 (2018: Nil) were recognised in equity as a reduction of share premium and costs attributable to obtaining the listing status of approximately HK$5,928,000 (2018: HK$13,010,000) were charged to profit or loss.

Future changes in HKFRSs

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

Annual Improvements to HKFRSs	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]

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Future changes in HKFRSs *(Continued)*

[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 set out in Note 30 to the consolidated financial statements, 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. DIRECTORS' EMOLUMENTS

Certain directors of the Company received remuneration from the entities now comprising the Group during the years ended 31 March 2019 and 2018 for their employment as directors or employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the years ended 31 March 2019 and 2018 are set out below.

Year ended 31 March 2019

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. So Wing Keung *(Notes i,ii)*	—	—	—	—	—
Mr. Leung Shu Kin *(Note i)*	—	720	80	36	836
Ms. Lam Yat Ting *(Note iii)*	420	—	—	—	420
Independent non-executive directors					
Mr. Tam Pei Qiang *(Note iv)*	54	—	—	—	54
Mr. Kwong Chi Wing *(Note v)*	107	—	—	—	107
Mr. Cheung Wai Lun Jacky *(Note iv)*	54	—	—	—	54
Ms. Ngan Sze Sze Stephanie *(Note vi)*	53	—	—	—	53
Mr. Tong Ho Kai Eric *(Note vii)*	53	—	—	—	53
	741	720	80	36	1,577

7. DIRECTORS' EMOLUMENTS *(Continued)*

Year ended 31 March 2018

	Directors' fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonus *HK$'000*	Contributions to defined contribution plans *HK$'000*	Total *HK$'000*
Executive directors					
Mr. So Wing Keung *(Notes i,ii)*	—	—	—	—	—
Mr. Leung Shu Kin *(Note i)*	—	720	80	36	836
	—	720	80	36	836

Note i: Mr. So Wing Keung and Mr. Leung Shu Kin were appointed as directors of the Company on 24 January 2017 and re-designated as executive directors of the Company on 11 September 2017.

Note ii: Mr. So Wing Keung was appointed as the chairman and chief executive officer of the Company on 11 September 2017.

Note iii: Ms. Lam Yat Ting was appointed as an executive director of the Company on 1 September 2018.

Note iv: Mr. Tam Pei Qiang and Mr. Cheung Wai Lun Jacky were appointed as independent non-executive directors of the Company on 19 April 2018 and resigned on 22 October 2018.

Note v: Mr. Kwong Chi Wing was appointed as an independent non-executive director of the Company on 19 April 2018.

Note vi: Ms. Ngan Sze Sze Stephanie was appointed as an independent non-executive director of the Company on 22 October 2018.

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

During the years ended 31 March 2019 and 2018, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 March 2019 and 2018.

8. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 March 2019 and 2018 is as follows:

	Number of individuals	
	2019	2018
Director	**1**	1
Non-director	**4**	4
	5	5

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

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**3,218**	3,063
Contributions to defined contribution plans	**125**	122
	3,343	3,185

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

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**3**	4
HK$1,000,001 to HK$1,500,000	**1**	—

During the years ended 31 March 2019 and 2018, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the years ended 31 March 2019 and 2018.

9. 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

10. 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 (as defined in Note 22 to the consolidated financial statements) 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.

11. 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.

Other than disclosed in the consolidated statement of cash flows and above, no dividend was paid or declared by any group entities during the years ended 31 March 2019 and 2018.

12. SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Equity interest attributable to the Company	Principal activities
Directly held					
Elegance Printing Holding Limited ("Elegance Printing Holding BVI")	The BVI	8 February 2017	United States dollar ("US$") 11	100%	Investment holding
Elegance Printing Services Holding Limited ("Elegance Printing Services Holding BVI")	The BVI	14 February 2017	US$11	100%	Investment holding
Qing Heng Investment Limited ("Qing Heng Investment BVI")	The BVI	6 June 2018	US$1	100%	Investment holding
Indirectly held					
Elegance Printing Company Limited	Hong Kong	15 April 1992	HK$17,893,428	100%	Provision of printing services
Elegance Finance Printing Services Limited	Hong Kong	15 December 1994	HK$1,000	100%	Provision of printing services, typesetting services, marketing and media services and investment holding
Elegance Document Solutions Limited	Hong Kong	31 October 1998	HK$5,000,000	100%	Sales of paper and accessories, provision of courier services and machineries subletting to group companies
Teamco Translation Limited	Hong Kong	28 November 1997	HK$1,500,000	85%	Provision of translation services
Elegance Finance Investment Limited	Hong Kong	5 July 2018	HK$100	100%	Inactive
ELE Print Solutions Ltd (formerly known as "Glory Point Development Limited")	Hong Kong	23 October 2018	HK$1	100%	Inactive

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Reconciliation of carrying amount — year ended 31 March 2018					
At 1 April 2017	96	42,109	705	367	43,277
Additions	—	—	127	—	127
Depreciation	(40)	(8,709)	(364)	(163)	(9,276)
At 31 March 2018	56	33,400	468	204	34,128
Reconciliation of carrying amount – year ended 31 March 2019					
At 1 April 2018	**56**	**33,400**	**468**	**204**	**34,128**
Additions	**—**	**2,374**	**170**	**—**	**2,544**
Written off	**—**	**—**	**(4)**	**—**	**(4)**
Depreciation	**(28)**	**(7,845)**	**(242)**	**(163)**	**(8,278)**
At 31 March 2019	**28**	**27,929**	**392**	**41**	**28,390**
At 31 March 2018					
Cost	4,810	106,722	12,507	1,034	125,073
Accumulated depreciation	(4,754)	(73,322)	(12,039)	(830)	(90,945)
Net carrying amount	56	33,400	468	204	34,128
At 31 March 2019					
Cost	**4,810**	**106,501**	**12,474**	**1,034**	**124,819**
Accumulated depreciation	**(4,782)**	**(78,572)**	**(12,082)**	**(993)**	**(96,429)**
Net carrying amount	**28**	**27,929**	**392**	**41**	**28,390**

The carrying amount of plant and machinery includes an amount of approximately HK$1,818,000 (2018: HK$619,000) in respect of assets held under finance leases as at 31 March 2019.

14. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Raw materials	**1,957**	2,277
Work in progress	**127**	114
	2,084	2,391

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

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

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.

16. AMOUNTS DUE FROM / TO CUSTOMERS FOR SERVICE CONTRACTS

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

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

As at 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.

17. TRADE AND OTHER RECEIVABLES

		2019	2018
	Note	***HK$'000***	*HK$'000*
Trade receivables			
From third parties	*17(a)*	**13,047**	15,548
Other receivables			
Prepayments *(Note)*		**352**	3,404
Deposits and other receivables		**6,479**	4,963
		6,831	8,367
	17(b)	**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.

17. TRADE AND OTHER RECEIVABLES *(Continued)*

(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	2018
	HK$'000	*HK$'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.

17. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables from third parties *(Continued)*

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.

(b) Loss allowance

Details in loss allowance are set out in Note 28 to the consolidated financial statements.

18. TRADE AND OTHER PAYABLES

	Note	2019 HK$'000	2018 HK$'000
Trade payables	*18(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.

18. TRADE AND OTHER PAYABLES *(Continued)*

(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

19. 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.

19. BANK BORROWINGS *(Continued)*

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. Further details of the Group's management of liquidity risk are set out in Note 28 to the consolidated financial statements. As at 31 March 2019 and 2018, none of the covenants relating to drawn down facilities had been breached.

20. 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.

21. DEFERRED TAXATION

The following is the deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 March 2019 and 2018.

	Accelerated accounting depreciation	Accelerated tax depreciation	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2017	70	(6,781)	(6,711)
(Charge) Credit to profit or loss	(3)	1,391	1,388
At 31 March 2018 and 1 April 2018	**67**	**(5,390)**	**(5,323)**
(Charge) Credit to profit or loss	**(13)**	**1,146**	**1,133**
At 31 March 2019	**54**	**(4,244)**	**(4,190)**

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

	2019	2018
	HK$'000	*HK$'000*
Deferred tax assets	**54**	67
Deferred tax liabilities	**(4,244)**	(5,390)
	(4,190)	(5,323)

22. 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	22(a)	**38,000**	**380**	38,000	380
Increase on 19 April 2018	22(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	22(a)	**—***	**—***	—*	—*
Issue of shares pursuant to the Capitalisation Issue	22(c)	**330,000**	**3,300**	—	—
Issue of shares pursuant to Share Offer	22(d)	**110,000**	**1,100**	—	—
At the end of the reporting period		**440,000**	**4,400**	—*	—*

* Represent the amounts less than HK$1,000

22. SHARE CAPITAL *(Continued)*

(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.

23. RESERVES

(a) Share premium

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

(b) Capital reserve

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

24. 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.

24. SHARE OPTION SCHEME *(Continued)*

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.

25. RETIREMENT BENEFITS SCHEME

Defined contribution plans

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

26. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 March 2019, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$1,785,000.

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

(b) Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 March 2019 and 2018 in the Group's liabilities arising from financing activities are as follows:

Year ended 31 March 2019

			Non-cash changes		
	At 1 April 2018	Cash flows	Declaration of dividends	Acquisition	At 31 March 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	6,687	(3,564)	—	—	3,123
Obligations under finance leases	638	(380)	—	1,785	2,043
Dividends payable	—	(150)	150	—	—
Total liabilities from financing activities	7,325	(4,094)	150	1,785	5,166

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

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

Year ended 31 March 2018

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

27. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, the Group had the following related party transactions during the years ended 31 March 2019 and 2018:

Name of related company	Nature of transactions	2019	2018
		HK$'000	*HK$'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. Relevant disclosures about this transaction have been disclosed in the Report of the Directors of the annual report of the Company.

27. RELATED PARTY TRANSACTIONS *(Continued)*

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

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

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

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks throughout the years ended 31 March 2019 and 2018.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank borrowings with floating interest rates. The interest rates and terms of repayment of the bank borrowings of the Group are disclosed in Note 18 to the consolidated financial statements. The Group currently does not have a policy to hedge against the interest rate risk as the management does not expect any significant interest rate risk at the end of each reporting period.

As at 31 March 2019, if interest rates had been 100 basis points higher / lower and all other variables were held constant, the Group's loss before taxation for the year would increase / decrease by HK$31,000 (2018: HK$67,000) , but there would be no impact on the other equity reserves.

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

Interest rate risk *(Continued)*

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

Foreign currency risk

During the years ended 31 March 2019 and 2018, 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 2019 and 2018, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements. The Group's maximum exposure to the credit risk is summarised as follows:

	2019	2018
	HK$'000	*HK$'000*
Contract assets	**2,865**	—
Trade and other receivables	**19,526**	20,511
Bank balances and cash	**62,145**	10,403
	84,536	30,914

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

Credit risk *(Continued)*

Trade receivables and contract assets

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

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

As at 31 March 2019, the Group had a concentration of credit risk as approximately 17% (2018: 11%) of the total trade receivables and contract assets was due from the Group's largest customer and approximately 50% (2018: 36%) of the total trade receivables and contract assets was due from the Group's five largest customers.

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

Considered no significant default history and no forward-looking factors that give rise to significant default risk on trade receivables and contract assets that are past due as at 31 March 2019, the management estimate that the ECL for those balances is insignificant and those balances were not credit-impaired at the end of each reporting period.

The Group does not hold any collateral over trade receivables as at 31 March 2019 (2018: Nil).

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

Other receivables

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

Liquidity risk

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

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

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

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

	On demand or less than 1 year *HK$'000*	**1 to 2 years** *HK$'000*	**2 to 5 years** *HK$'000*	**Total** *HK$'000*
As at 31 March 2019				
Trade and other payables	**7,327**	**—**	**—**	**7,327**
Bank borrowings *(Note)*	**3,123**	**—**	**—**	**3,123**
Obligations under finance leases	**502**	**585**	**1,076**	**2,163**
	10,952	**585**	**1,076**	**12,613**

	On demand or less than 1 year *HK$'000*	1 to 2 years *HK$'000*	2 to 5 years *HK$'000*	Total *HK$'000*
As at 31 March 2018				
Trade and other payables	8,927	—	—	8,927
Bank borrowings *(Note)*	6,687	—	—	6,687
Obligations under finance leases	339	132	187	658
	15,953	132	187	16,272

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

Liquidity risk *(Continued)*

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

	2019	2018
	HK$'000	*HK$'000*
On demand or less than 1 year	**2,950**	3,699
1 – 2 years	**241**	2,934
2 – 5 years	**—**	241
	3,191	6,874

29. FAIR VALUE MEASUREMENTS

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 31 March 2019 and 2018.

30. COMMITMENTS

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

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

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

31. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 March 2019 and 2018.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	Note	**2019** ***HK$'000***	2018 *HK$'000*
Non-current assets			
Investments in subsidiaries	*32(a)*	**—***	—*
Current assets			
Amounts due from subsidiaries	*32(b)*	**866**	200
Other receivables		**236**	2,879
Bank balances		**36,004**	71
		37,106	3,150
Current liabilities			
Amount due to a subsidiary	*32(b)*	**—**	13,363
Other payables		**628**	2,619
		628	15,982
Net current assets (liabilities)		**36,478**	(12,832)
NET ASSETS (LIABILITIES)		**36,478**	(12,832)
Capital and reserves			
Share capital	*32(c)*	**4,400**	—*
Reserves	*32(c)*	**32,078**	(12,832)
TOTAL EQUITY (DEFICIENCY)		**36,478**	(12,832)

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

The statement of financial position was approved and authorised for issue by the Board of Directors on 18 June 2019 and signed on its behalf by

SO Wing Keung	**LEUNG Shu Kin**
Director	*Director*

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

(a) Investments in subsidiaries

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

(b) Amounts due from / to subsidiaries

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

(c) Movement of share capital and reserves

	Share capital *HK$'000* *(Note 22)*	**Share premium** *HK$'000* *(Note 23)*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At date of incorporation	—*	—	—	—*
Loss for the year and total comprehensive loss for the year	—	—	(3,132)	(3,132)
Transactions with owners				
Contributions and distributions				
Dividends *(Note 11)*	—	—	(9,700)	(9,700)
At 31 March 2018 and 1 April 2018	—*	—	(12,832)	(12,832)
Loss and total comprehensive loss for the year	—	—	(7,911)	(7,911)
Transactions with owners				
Contributions and distributions				
Issue of shares pursuant to the Share Offering	1,100	64,900	—	66,000
Issue of shares pursuant to the Capitalisation Issue	3,300	(3,300)	—	—
Transaction costs attributable to issue of shares	—	(8,779)	—	(8,779)
Total transactions with owners	4,400	52,821	—	57,221
At 31 March 2019	4,400	52,821	(20,743)	36,478

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

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

(c) Movement of share capital and reserves *(Continued)*

During the years ended 31 March 2019 and 2018, certain corporate administrative expenses of the Company and listing expenses were borne by the subsidiaries of the Company without recharge.

33. 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 report. 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.

Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last four financial years. The financial information for the years ended / as at 31 March 2019 and 2018 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended / as at 31 March 2017 and 2016 is extracted from the Prospectus.

	Results of the Group for the year ended 31 March			
	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**73,976**	80,610	83,538	98,360
(Loss) Profit before taxation	**(7,751)**	(7,894)	1,979	1,108
Income tax credit (expenses)	**182**	(668)	18	674
(Loss) Profit and total comprehensive (loss) income for the year	**(7,569)**	(8,562)	1,997	1,782
(Loss) Profit and total comprehensive (loss) income for the year attributable to owners of the Company	**(7,736)**	(8,789)	1,900	1,816

	Assets and liabilities of the Group as at 31 March			
	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	**28,444**	34,195	43,347	55,434
Current assets	**88,122**	37,911	56,297	79,738
Total assets	**116,566**	72,106	99,644	135,172
Current liabilities	**18,670**	23,848	31,180	50,034
Non-current liabilities	**5,836**	5,700	7,419	9,743
Net assets	**92,060**	42,558	61,045	75,395