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

2020
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. Liang Zihao *(Chief Executive Officer)* *(Note 1)*
Mr. Sam Weng Wa Michael *(Note 1)*
Mr. So Wing Keung
(Chairman and Chief Executive Officer) *(Note 2)*
Mr. Leung Shu Kin *(Note 2)*
Ms. Lam Yat Ting *(Note 3)*

NON-EXECUTIVE DIRECTOR

Mr. Wu Jianwei *(Chairman)* *(Note 1)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Ka Hei Raymond *(Note 4)*
Mr. Yuen Chun Fai *(Note 1)*
Ms. Zhu Xiaohui *(Note 1)*
Mr. Kwong Chi Wing *(Note 2)*
Ms. Ngan Sze Sze Stephanie *(Note 3)*
Mr. Tong Ho Kai Eric *(Note 5)*
Mr. Chan Ka Yeung *(Note 6)*

COMPLIANCE OFFICER

Mr. Liang Zihao *(Note 1)*
Mr. Leung Shu Kin *(Note 2)*

AUTHORISED REPRESENTATIVES

Mr. Liang Zihao *(Note 1)*
Mr. Chu Pui Ki Dickson *(Note 4)*
Mr. So Wing Keung *(Note 2)*
Ms. Lam Yat Ting *(Note 3)*

AUDIT COMMITTEE

Mr. Yuen Chun Fai *(Chairman)* *(Note 1)*
Mr. Tam Ka Hei Raymond *(Note 4)*
Ms. Zhu Xiaohui *(Note 1)*
Mr. Kwong Chi Wing *(Chairman)* *(Note 2)*
Ms. Ngan Sze Sze Stephanie *(Note 3)*
Mr. Tong Ho Kai Eric *(Note 5)*
Mr. Chan Ka Yeung *(Note 6)*

REMUNERATION COMMITTEE

Ms. Zhu Xiaohui *(Chairman)* *(Note 1)*
Mr. Liang Zihao *(Note 1)*
Mr. Tam Ka Hei Raymond *(Note 4)*
Ms. Ngan Sze Sze Stephanie *(Chairman)* *(Note 3)*
Mr. Chan Ka Yeung *(Chairman)* *(Note 6)*
Mr. Leung Shu Kin *(Note 2)*
Mr. Tong Ho Kai Eric *(Note 5)*

NOMINATION COMMITTEE

Mr. Tam Ka Hei Raymond *(Chairman)* *(Note 4)*
Mr. Liang Zihao *(Note 1)*
Mr. Yuen Chun Fai *(Note 1)*
Ms. Zhu Xiaohui *(Note 1)*
Mr. Tong Ho Kai Eric *(Chairman)* *(Note 5)*
Mr. Leung Shu Kin *(Note 2)*
Mr. Kwong Chi Wing *(Note 2)*
Ms. Ngan Sze Sze Stephanie *(Note 3)*
Mr. Chan Ka Yeung *(Note 6)*

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson *(CPA)* *(Note 4)*
Ms. Lam Yat Ting *(CPA)* *(Note 3)*

Note 1: Appointed on 22 January 2020
Note 2: Resigned with effect from 22 January 2020
Note 3: Resigned with effect from 1 July 2019
Note 4: Appointed on 1 July 2019
Note 5: Resigned with effect from 30 June 2019
Note 6: Appointed on 1 July 2019 and resigned with effect from 22 January 2020

Corporate Information

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

Ocorian 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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPLIANCE ADVISER

Dakin Capital Limited
Suites 4505-06, 45/F,
Tower 1, Lippo Centre,
89 Queensway,
Hong Kong

AUDITOR

D & PARTNERS CPA LIMITED
Certified Public Accountant
2201, 22/F., West Exchange Tower,
322 Des Voeux Road Central,
Sheung Wan,
Hong Kong

STOCK CODE

8391

WEBSITE

http://www.elegance.hk

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Elegance Commercial and Financial Printing Group Limited (the "Company"), I am pleased to present to you the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 March 2020.

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 40-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 13.1% from approximately HK$74.0 million for the year ended 31 March 2019 to approximately HK$64.3 million for the year ended 31 March 2020, which was mainly attributable to the reduction in the orders from customers for printing services resulting from the increasing concern on environment protection, the popularity of digitalization of information, the rise of online marketing, social media and globalization and the unfavorable economic environment and the extreme market and operating conditions caused by the outbreak of novel coronavirus pandemic ("COVID-19") during the first quarter of 2020.

OUTLOOK

Looking ahead, certain unfavourable factors such as fluctuation of the global financial markets and the outbreak of the coronavirus disease may exert pressure in Hong Kong in general. It might also have impact on the number of applications for new listing activities on The Stock Exchange of Hong Kong Limited, which in turn, will pose challenges to the business environment of the Group.

Nevertheless, taking into account the potential adverse effect due to the risk of an imminent outbreak of COVID-19, we expect that the initial public offering ("IPO") market would perform poorly due to the low market sentiment, and hence the financial printing business will be adversely affected. Not only would there be less new customers because of the decreasing number of IPOs in Hong Kong, there would also be intense price competition with competitors because the existing customers may ask for discount for the work done.

Chairman's Statement

Due to the bleak prospects of the existing business, the Group decided to explore new sustainable business opportunities which would be unlikely to be affected by COVID-19, which is expected that this negative impact will last for the next 12-24 months at the very least. As a result, we are eager to explore new business or investment opportunities to ensure diversification of revenue for the interests of the Group and Shareholders as a whole.

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,

Wu Jianwei
Chairman

Hong Kong, 22 June 2020

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 Workshops 1-26 on 7th Floor, Oceanic Industrial Centre, No. 2 Lee Lok Street, Hong Kong, with a usable area of approximately 32,000 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 22.4%, from approximately HK$46.5 million for the year ended 31 March 2019 to approximately HK$36.1 million for the year ended 31 March 2020. The decrease in revenue from commercial printing services was mainly due to 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 decreased by approximately 4.9%, from approximately HK$26.3 million for the year ended 31 March 2019 to approximately HK$25.0 million for the year ended 31 March 2020. The decrease in revenue from financial printing services was mainly due to the decrease in revenue from printing of financial reporting documents, compliance documents, initial public offerings ("IPO") prospectuses and application forms, which were mainly attributable to the decrease in the number of customers, decrease in the number of corporate transactions of our customers and decrease in the number of engagement of IPO projects.

Management Discussion and Analysis

OUTLOOK

Taking into account the potential adverse effect due to the risk of an imminent outbreak of COVID-19, we expect that the IPO market would perform poorly due to the low market sentiment, and hence the financial printing business will be adversely affected. Not only would there be less new customers because of the decreasing number of IPOs in Hong Kong, there would also be intense price competition with competitors because the existing customers may ask for discount for the work done.

Due to the bleak prospects of the existing business, the Group decided to explore new sustainable business opportunities which would be unlikely to be affected by COVID-19, which is expected that this negative impact will last for the next 12-24 months at the very least. As a result, we are eager to explore new business or investment opportunities to ensure diversification of revenue for the interests of the Group and Shareholders as a whole.

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	
	2020	2019
	HK$'000	*HK$'000*
Commercial printing services	**36,096**	46,543
Financial printing services	**24,987**	26,262
Other services	**3,195**	1,171
	64,278	73,976

Our revenue decreased by approximately 13.1% from approximately HK$74.0 million for the year ended 31 March 2019 to approximately HK$64.3 million for the year ended 31 March 2020. The reduction of revenue for the year ended 31 March 2020 as compared to last year was mainly due to the decrease in commercial printing services of approximately HK$10.4 million.

Commercial printing

For commercial printing services, the revenue decreased by approximately 22.4%, from approximately HK$46.5 million for the year ended 31 March 2019 to approximately HK$36.1 million for the year ended 31 March 2020. The decrease in revenue from commercial printing services was mainly due to 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 and the impact caused by the outbreak of COVID-19 during the first quarter of 2020.

Financial printing

For financial printing services, the revenue from financial printing services decreased by approximately 4.9%, from approximately HK$26.3 million for the year ended 31 March 2019 to approximately HK$25.0 million for the year ended 31 March 2020.

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

Other services

Revenue from other services increased by approximately 172.8% from approximately HK$1.2 million for the year ended 31 March 2019 to approximately HK$3.2 million for the year ended 31 March 2020, resulting from the increase in standalone 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 increased by approximately 2.1%, from approximately HK$53.8 million for the year ended 31 March 2019 to approximately HK$54.9 million for the year ended 31 March 2020. Such increase was mainly attributable to the increase in subcontracting costs during the year ended 31 March 2020.

Management Discussion and Analysis

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	
	2020	2019
	HK$'000	*HK$'000*
Revenue	**64,278**	73,976
Cost of services	**(54,929)**	(53,796)
Gross profit	**9,349**	20,180
Gross profit margin	**14.5%**	27.3%

For the year ended 31 March 2020, our gross profit decreased by approximately 53.7%, from approximately HK$20.2 million for the year ended 31 March 2019 to approximately HK$9.3 million for the year ended 31 March 2020, mainly due to the decrease in revenue generated from the provision of commercial printing services. Our gross profit margin decreased from approximately 27.3% for the year ended 31 March 2019 to approximately 14.5% for the year ended 31 March 2020 primarily because of keen competition and the increase in subcontracting costs which generated lower profit margin.

Other income

Other income increased by approximately 71.6%, from approximately HK$1.2 million for the year ended 31 March 2019 to approximately HK$2.0 million for the year ended 31 March 2020, mainly resulting from the increase gain on disposal of property, plant and equipment and some miscellaneous income.

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 51.3%, from approximately HK$2.4 million for the year ended 31 March 2019 to approximately HK$3.7 million for the year ended 31 March 2020. Selling expenses increased mainly due to the Group having recruited more sales staff and increase in salary for the year ended 31 March 2020 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 17.3%, from approximately HK$20.5 million for the year ended 31 March 2019 to approximately HK$24.1 million for the year ended 31 March 2020, mainly because of the incurrence of additional administrative and other operating expenses including staff costs, depreciation and professional fees as compared to last year.

Finance costs

Our finance costs mainly represent interests on bank borrowings and finance charges on obligations under finance leases. Our finance costs increased by approximately 302.8% from approximately HK$0.2 million for the year ended 31 March 2019 to approximately HK$0.9 million for the year ended 31 March 2020, primarily due to the increase in interest expenses on lease liabilities.

Listing expenses

Our listing expenses incurred during the year ended 31 March 2019 amounted to approximately HK$5.9 million. No listing expenses were incurred during the year ended 31 March 2020.

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 2019 and 2020.

For the year ended 31 March 2020, 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 2020 (Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2019).

For the years ended 31 March 2019 and 2020, we recorded income tax credit of approximately HK$0.2 million and approximately HK$1.0 million respectively.

Loss and total comprehensive expense for the year

We recorded a loss and total comprehensive loss of approximately HK$16.3 million for the year ended 31 March 2020 (2019: approximately HK$7.6 million). If the listing expenses of approximately HK$5.9 million incurred during the year ended 31 March 2019 were excluded, we would have recorded loss and total comprehensive expense of approximately HK$1.7 million for the year ended 31 March 2019.

The loss-making position for the year ended 31 March 2020 was mainly attributable to (1) decrease in total revenue by approximately HK$9.7 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, and the impact caused by the outbreak of COVID-19 during the first quarter of 2020 by approximately HK$10.4 million, from approximately HK$46.5 million for the year ended 31 March 2019 to approximately HK$36.1 million for the year ended 31 March 2020; and (2) the additional administrative and other operating expenses, from approximately HK$20.5 million for the year ended 31 March 2019 to approximately HK$24.1 million for the year ended 31 March 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2020, total borrowings and lease liabilities, of the Group amounted to approximately HK$35.9 million (2019: approximately HK$5.2 million) which represented all borrowings, including bank borrowings and lease liabilities/obligations under finance leases. As at 31 March 2020, cash and bank balances of the Group amounted to approximately HK$48.8 million (2019: approximately HK$62.1 million). Details on the average interest rate and maturity profile of the Group's total borrowings, including bank borrowings, lease liabilities/obligations under finance leases, are set out in the notes 21, 22 and 23 to the consolidated financial statements.

As at 31 March 2020, the debt to equity ratio of the Group was nil (2019: nil), because our cash and cash equivalents were larger than our total debts as at 31 March 2019 and 2020. Debt to equity ratio is calculated by the net debt (all borrowings, including bank borrowings and lease liabilities/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 2020 was approximately 3.1 times (2019: approximately 4.7 times).

As at 31 March 2020, the gearing ratio of the Group was 47.8% (2019: 5.6%). The significant increase was due to the increase in lease liabilities after the initial application of HKFRS 16. Gearing ratio is calculated based on all borrowings (including bank borrowings and lease liabilities/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 2020 with cash and bank balances of approximately HK$48.8 million (2019: approximately HK$62.1 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 2020, the Group's net current assets amounted to approximately HK$46.1 million (2019: net current assets approximately HK$69.5 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 2020, the Group did not have any significant contingent liabilities (2019: nil).

CAPITAL COMMITMENTS

As at 31 March 2020, the Group did not have significant capital commitments contracted but not provided for (2019: nil).

PLEDGE OF ASSETS

As at 31 March 2020, none of the Group's financial assets was pledged (2019: nil). The bank borrowings are drawn under banking facilities. The banking facilities are secured and guaranteed by corporate guarantees given by the Company.

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 2019 and 2020, 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 2020, the Group did not have any significant investments (2019: nil).

RECENT DEVELOPMENT

In April 2020, the Group moved its entire printing factory previously located in Shau Kei Wan to the new premise located in Workshops 1-26 on 7th Floor, Oceanic Industrial Centre, No. 2 Lee Lok Street, Hong Kong. Please refer to the announcements dated 17 April 2020 and 15 May 2020 for details of the tenancy agreement.

The gross floor area of the new printing factory is approx. 32,000 sqf. at one whole floor (Shau Kei Wan: approx.: 52,000 sqf at a multi-storey building).

Most of the existing machinery and equipment was reinstalled at the new printing factory to make sure the production capacity at the new premise can meet the estimated customer orders in the coming years. The table below shows the details of the change of major machineries and equipment:

Type	Shau Kei Wan factory	Ap Lei Chau factory
Colour press printing machines (for offset printing):	5	3*

Item	year of introduction
8-colour offset press printing machine*	2015
8-colour offset press printing machine*	2013
5-colour offset press printing machine	2012
4-colour offset press printing machine*	2010
4-colour offset press printing machine	2007

Type	Shau Kei Wan factory	Ap Lei Chau factory
Digital press printing machines (for digital printing)	6	3
Computer-to-plate system	2	1
Paper folding machine	5	5
Automatic perfect binding system	1	1
Automatic auto-stitcher	2	1
Automatic envelop making machine	2	1
Inserting machine	3	2
Cutting machine	4	2

* *Colour press printing machines (for offset printing) is the key facility of our in house printing production factory. Among the five models previously installed at Shau Kei Wan factory, the two most advanced model 8-colour offset press printing machines together with one 4-colour offset press printing machine are retained.*

The management also take this opportunity to improve the operation efficiency through streamline the production line setting so as to achieve cost-saving target.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

On 21 February 2020, a direct wholly-owned subsidiary of the Company, Qing Heng Investment Limited, entered into a conditional sale and purchase agreement with the vendors, pursuant to which the vendors agreed to sell the sale shares and the sale loan, and Qing Heng Investment Limited conditionally agreed to purchase the sale shares and sale loan. The sale shares represent the entire issued share capital of Cornerstone EV Charging Service Limited, a company incorporated in Hong Kong with limited liability, which is an electrical vehicle charging service provider and is principally engaged in supplying charging solutions and charging system, including central management system, hub for e-payment, load management system and license plate recognition system to electric vehicles and smart parking.

The consideration for (i) the sale shares to the vendor A is HK$8,437,000, which will be satisfied by way of the allotment and issue of 22,802,703 consideration shares at the HK$0.37 per consideration share and credited as fully paid; and (ii) the sale shares and the sale loan to vendor B is HK$26,563,000, which will be satisfied by way of the allotment and issue of 17,737,838 consideration shares at HK$0.37 per consideration share and credited as fully paid together with the cash consideration in the total sum of HK$15,000,000. The sale loan represents the amount of not less than HK$5,000,000 to be due from Cornerstone EV Charging Service Limited to vendor B upon completion, which will be settled by the issue of the promissory note upon completion.

The Company is still preparing and finalising certain information to be included in the circular and expects that the despatch of the Circular will be on or before 30 June 2020. References are made to the announcements of the Company dated 21 February 2020, 13 March 2020, 14 April 2020, 8 May 2020, 29 May 2020 and 19 June 2020 for details.

As at the date of this report, completion has not yet taken place.

Save as the above, 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

Saved for the transactions stated in the notes 27 and 30 to the consolidated financial statement, during the year ended 31 March 2020, 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 33 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.
Acquire a permanent office space for financial printing services for our business expansion	• explore suitable premises	• N/A
Upgrade and acquire new equipment, hardware and software for financial printing services	• acquire new software and hardware • conduct training for staff • upgrade IT server	• The Group has leased a range of machineries under finance lease and purchased some office equipment.
Continue to attract and retain top talent in the industry	• recruit operation staff to support the growth of business	• The Group hired some sales staff.

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 2020, the Group had used the Net Proceeds as follows:

	Original allocation of Net Proceeds		**Utilisation up to 31 March 2020**	**Remaining balance of unused Net Proceeds as at 31 March 2020**
	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%	1,500	—
Acquire a permanent office space	37,000	90.2%	—	37,000
Upgrade and acquire new equipment, hardware and software	2,500	6.1%	849	1,651
	41,000	100%	2,349	38,651

During the year ended 31 March 2020, the Group incurred approximately HK$0.7 million on upgrading and acquiring new equipment, hardware and software and incurred selling expenses of approximately HK$1.3 million on building and strengthening customer relationship. As at 31 March 2020, the utilized Net Proceeds were approximately HK$2.3 million and the remaining proceeds as at 31 March 2020 were approximately HK$38.7 million. As of the date of this report, there were no changes in the business plans from those disclosed in the Prospectus.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Liang Zihao (梁子豪) ("Mr. Liang"), aged 38, obtained his bachelor of business administration, marketing from the University of Regina, Canada in 2007. Mr. Liang has been the chairman of 廣州市番禺區邦騰化工有限公司 (transliterated in English as Guangzhou Panyu District Bangteng Chemical Industry Limited*), a company that is principally engaged in the production of industrial unsaturated resin, paints and powder coating since 2007. Mr. Liang has also been the chairman of 廣州番禺區宏豪投資有限公司 (transliterated in English as Guangzhou Panyu District Honghao Investment Limited*), a company that is principally engaged in the provision of investment consultancy service and property management since 2018. Mr. Liang is primarily responsible for carrying out executive functions including day-to-day business and operations management of the Group.

Mr. Sam Weng Wa Michael ("Mr. Sam Weng Wa"), aged 29, obtained his bachelor of science in business and management studies from University of Bradford in 2016. Mr. Sam Weng Wa has been the assistant manager of Champion Management Pte Ltd, a company that is principally engaged in hotel management from March 2017 to April 2018. Mr. Sam Weng Wa has also been the assistant director of Chang He Holdings Pte Ltd, a company that is principally engaged in property management in Singapore, where he is mainly responsible for sourcing new investment opportunities and managing properties since April 2018. Mr. Sam Weng Wa is primarily responsible for overseeing fundraising planning and investors relations.

NON-EXECUTIVE DIRECTOR

Mr. Wu Jianwei (吳建威) ("Mr. Wu"), aged 38, obtained a diploma in information technology from the Temasek Polytechnic (Singapore). Mr. Wu has extensive experience in investing and managing companies. He is currently the chief executive officer of Chang Yuan Investments Pte Ltd, Chang He Holdings Pte Ltd and Champion Management Pte Ltd in Singapore. His business encompasses property investment, asset management, business restructuring, hotel management and electric vehicles. He is mainly responsible for overseeing his business's performance and management and directing the formulation of business development strategies. From 2012 to 2015, under his management and leadership, his business has acquired the property investment portfolio aggregately valued over approximately SG$150.0 million at the respective purchase dates including (i) commercial offices located at Marine Parade and Paya Lebar; (ii) hotels located at Joo Chiat and North Canal; and (iii) retail, food and beverage units at Katong in Singapore. Mr. Wu is primarily responsible for providing overall leadership in the strategic development of the Group and overseeing the management of the Board.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Ka Hei Raymond (譚家熙) ("Mr. Tam), aged 39, obtained his bachelor of arts degree in Accounting and Finance with Computing from University of Kent, the United Kingdom in July 2002. Mr. Tam has over 10 years of experience in corporate finance. He has been appointed as an independent non-executive Director of Til Enviro Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 01790) since 4 October 2018. He is currently a director of the corporate finance department at Yu Ming Investment Management Limited and a licensed holder to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Mr. Tam had previously gained solid corporate finance and accounting experience through his work experience with First Shanghai Capital Limited, a company licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, and Ernst & Young.

Mr. Yuen Chun Fai (阮駿暉) ("Mr. Yuen"), aged 41, obtained his bachelor of science in accounting and finance from The London School of Economics and Political Science in 2002. Mr. Yuen is a fellow of the Association of Chartered Certified Accountants and also a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He has over 16 years' experiences in the field of financial reporting, financial management and audit in Hong Kong, China, Malaysia and Singapore. Mr. Yuen is currently an executive director, the company secretary and the compliance officer of WLS Holdings Limited (Stock Code: 8021), a company whose shares are listed on the GEM of the Stock Exchange; and the company secretary and compliance officer of Edvance International Holdings Limited (Stock Code: 1410), a company whose shares are listed on the main board of the Stock Exchange. Mr. Yuen was an independent non-executive director of China Biotech Services Holdings Limited (formerly known as Rui Kang Pharmaceutical Group Investments Limited) (Stock Code: 8037), a company whose shares are listed on the GEM of the Stock Exchange, from June 2014 to August 2017.

Ms. Zhu Xiaohui (朱曉蕙) ("Ms. Zhu"), aged 25, obtained her bachelor in chemistry and business studies from the University of Warwick in 2016. She worked in a raw material planning and supply chain management role at SABIC Innovative Plastics (China) Co., Ltd from 2017 to 2018. Since 2018, Ms. Zhu works in a product supply management position in Infinitus (China) Company Limited.

SENIOR MANAGEMENT

Mr. Ng Ka Ki (吳家祺) ("Mr. Ng"), aged 38, is currently the chief operating officer of our Group. Mr. Ng is primarily responsible for maintaining the effectiveness and efficiency of the Group's overall business activities and implementing of the Group's strategic business plan.

Mr. Ng obtained his bachelor of business administration degree in Accountancy from the City University of Hong Kong in November 2004 and he has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 2009. He has more than 15 years of experience in accounting and finance, and operational compliance. Prior to joining the Group, he was the company secretary and financial controller of VBG International Holdings Limited (stock code: 8365), a company listed on GEM, from September 2013 to March 2018 and October 2014 to June 2019, respectively. From August 2010 to October 2014, he was the finance manager and company secretary of Jayden Resources Inc., a company listed on the TSX Venture Exchange in Canada (stock code: JDN).

Mr. Wong Kin Pong (黃建邦) ("Mr. Wong"), aged 62, 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 37 years of experience in the printing industry in Hong Kong. He joined Mr. So Wing Keung'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 Tbc 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 49, 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 25 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.

Mr. Chu Pui Ki Dickson (朱沛祺) ("Mr. Chu"), aged 35, obtained a bachelor's degree of business administration in accounting from the Hong Kong Baptist University in Hong Kong in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011. Mr. Chu has over 10 years of relevant experience in accounting and auditing and has experience in tax, internal control matters and holding the positions of company secretary and authorised representative in other companies listed on the Stock Exchange. He has been appointed as the company secretary of SG Group Holdings Limited (Stock Code: 01657) since 1 March 2019, a company formerly listed on the GEM of the Stock Exchange and transferred to the main board of the Stock Exchange on 20 March 2020, and the company secretary and financial controller of Top Standard Corporation (Stock Code: 08510), a company listed on GEM of the Stock Exchange since 22 June 2017 and 21 August 2017 respectively.

Corporate Governance Report

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").

During the year ended 31 March 2020, 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.

During the period between 1 April 2019 and 22 January 2020, the roles of chairman and chief executive officer of the Company were both performed by Mr. So Wing Keung ("Mr. So"). The Board considered that having Mr. So acting as both our chairman and chief executive officer would 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 considered that it was to the benefit of the business prospects of the Group that Mr. So acted as both the chairman and chief executive officer of the Company. The Board considered that the balance of power and authority of the present arrangement would not be impaired as the Board comprised 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 would consult relevant Board committees and senior management. Therefore, the Directors consider that the arrangement was beneficial to the Group and its shareholders as a whole and the deviation from Code A.2.1 of the Code was acceptable in such circumstance.

Subsequent to the resignation of Mr. So with effect from 22 January 2020, Mr. Wu Jianwei has been appointed as the chairman and non-executive director and Mr. Liang Zihao has been appointed as the chief executive officer and executive director on the same date. As such, the Company does not have any deviation from Code A.2.1 of the Code after the aforesaid change of directors and the positions.

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, all the Directors, namely Mr. Liang Zihao, Mr. Sam Weng Wa Michael, Mr. Wu Jianwei, Mr. Tam Ka Hei Raymond, Mr. Yuen Chun Fai and Ms. Zhu Xiaohui, 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 1 April 2019 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 2020 and up to the date of this annual report are as follows:

Board of Directors

Executive Directors

Mr. Liang Zihao *(Chief Executive Officer)* (appointed on 22 January 2020)
Mr. Sam Weng Wa Michael (appointed on 22 January 2020)
Mr. So Wing Keung *(Chairman and Chief Executive Officer)* (resigned with effect from 22 January 2020)
Mr. Leung Shu Kin (resigned with effect from 22 January 2020)
Ms. Lam Yat Ting (resigned with effect from 1 July 2019)

Non-Executive Director

Mr. Wu Jianwei *(Chairman)* (appointed on 22 January 2020)

Independent Non-Executive Directors

Mr. Tam Ka Hei Raymond (appointed on 1 July 2019))
Mr. Yuen Chun Fai (appointed on 22 January 2020)
Ms. Zhu Xiaohui (appointed on 22 January 2020)
Mr. Kwong Chi Wing (resigned with effect from 22 January 2020)
Ms. Ngan Sze Sze Stephanie (resigned with effect from 1 July 2019)
Mr. Tong Ho Kai Eric (resigned with effect from 30 June 2019)
Mr. Chan Ka Yeung (appointed on 1 July 2019 and resigned with effect from 22 January 2020)

The brief biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 19 to 21 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 2020 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.

During the year ended 31 March 2020, 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. Liang Zihao (appointed on 22 January 2020)	2/2	N/A	0/0	0/0	N/A
Mr. Sam Weng Wa Michael (appointed on 22 January 2020)	2/2	N/A	N/A	N/A	N/A
Mr. So Wing Keung (resigned with effect from 22 January 2020)	3/3	N/A	N/A	N/A	1/1
Mr. Leung Shu Kin (resigned with effect from 22 January 2020)	3/3	N/A	2/2	2/2	1/1
Ms. Lam Yat Ting (resigned with effect from 1 July 2019)	1/1	N/A	N/A	N/A	N/A
Non-executive Director					
Mr. Wu Jianwei (appointed on 22 January 2020)	2/2	N/A	N/A	N/A	N/A

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
Independent Non-executive Directors					
Mr. Tam Ka Hei Raymond (appointed on 1 July 2019)	4/4	4/4	1/1	1/1	1/1
Mr. Yuen Chun Fai (appointed on 22 January 2020)	2/2	2/2	N/A	0/0	N/A
Ms. Zhu Xiaohui (appointed on 22 January 2020)	2/2	2/2	0/0	0/0	N/A
Mr. Kwong Chi Wing (resigned with effect from 22 January 2020)	3/3	3/3	N/A	2/2	1/1
Ms. Ngan Sze Sze Stephanie (resigned with effect from 1 July 2019)	1/1	1/1	1/1	1/1	N/A
Mr. Tong Ho Kai Eric (resigned with effect from 30 June 2019)	1/1	1/1	1/1	1/1	N/A
Mr. Chan Ka Yeung (appointed on 1 July 2019 and resigned with effect from 22 January 2020)	2/2	2/2	1/1	1/1	1/1

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

The Company established the Audit Committee on 19 April 2018 with written terms of reference in compliance with the code provisions of the Code. The primary duties of the Audit Committee are, among others, (i) to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management systems; (ii) to oversee the audit process; (iii) to make recommendations to the 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 the Board; and (vi) to perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently consists of three members, namely Mr. Yuen Chun Fai (Chairman), Mr. Tam Ka Hei Raymond and Ms. Zhu Xiaohui, all being independent non-executive Directors. The Group's final results for the year ended 31 March 2020 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 five (5) meetings for the period from 1 April 2019 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 2019, the first quarterly results of the Group for the three months ended 30 June 2019, the interim results of the Group for the six months ended 30 September 2019 and the third quarterly results of the Group for the nine months ended 31 December 2019 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. During the year ended 31 March 2020, the Audit Committee has reviewed and made recommendation to the Board on the change of auditor.

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. Zhu Xiaohui (Chairman) and Mr. Tam Ka Hei Raymond, both of whom being independent non-executive Directors, and Mr. Liang Zihao, 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 two (2) meetings for the period from 1 April 2019 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. Tam Ka Hei Raymond (Chairman), Mr. Yuen Chun Fai and Ms. Zhu Xiaohui, all of whom being independent non-executive Directors and Mr. Liang Zihao, an executive Director. The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee held two (2) meetings for the period from 1 April 2019 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 a 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 statutes 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 2020, 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 2020 and up to the date of this annual report are summarised as follows:

Name of Directors	Type of trainings
Mr. Liang Zihao (appointed on 22 January 2020)	A, B
Mr. Sam Weng Wa Michael (appointed on 22 January 2020)	A, B
Mr. So Wing Keung (resigned with effect from 22 January 2020)	N/A
Mr. Leung Shu Kin (resigned with effect from 22 January 2020)	N/A
Ms. Lam Yat Ting (resigned with effect from 1 July 2019)	N/A
Mr. Wu Jianwei (appointed on 22 January 2020)	A, B
Mr. Tam Ka Hei Raymond (appointed on 1 July 2019)	A, B
Mr. Yuen Chun Fai (appointed on 22 January 2020)	A, B
Ms. Zhu Xiaohui (appointed on 22 January 2020)	A, B
Mr. Kwong Chi Wing (resigned with effect from 22 January 2020)	N/A
Ms. Ngan Sze Sze Stephanie (resigned with effect from 1 July 2019)	N/A
Mr. Tong Ho Kai Eric (resigned with effect from 30 June 2019)	N/A
Mr. Chan Ka Yeung (appointed on 1 July 2019 and resigned with effect from 22 January 2020)	N/A

A: attending seminars/conferences/forums/training sessions

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

COMPANY SECRETARY

Mr. Chu was appointed as the company secretary of the Company in 2019. His biographical details are set out in the section headed "Biographies of Directors and Senior Management". For the financial year ended 31 March 2020, Mr. Chu attended relevant professional training for not less than 15 hours in compliance with Rule 5.15 of the GEM Listing Rules.

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 10 and 11 to the consolidated financial statements.

The remunerations of the Directors and senior management of the Group for the year ended 31 March 2020 fall within the following band:

Remuneration band	Number of directors and senior management
Nil to HK$1,000,000	18
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 D & PARTNERS CPA LIMITED as its auditor for the year ended 31 March 2020. 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 2020, the fees paid/payable to D & PARTNERS CPA LIMITED in respect of its audit services provided to the Group for the year ended 31 March 2020 amounted to HK$0.8 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 2020.

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 2020 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 2020 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

There had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2020 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 2020.

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 36 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 2020 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 7 to 18 of this annual report. In addition, various financial risks have been disclosed in note 33 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 2020. 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 2020, 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 2020, 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 112 employees (including the Directors) as at 31 March 2020 (2019: 105 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.

Report of the Directors

RESULTS AND APPROPRIATIONS

The financial results of the Group for the year ended 31 March 2020 and the financial positions of the Company and the Group as at 31 March 2020 are set forth in the audited consolidated financial statements on page 58 to 129 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 2020.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 130 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 2019 and 2020 are set out in the consolidated statement of changes in equity on page 61 of this annual report.

DISTRIBUTABLE RESERVES

Details of movements during the years ended 31 March 2019 and 2020 in the reserves and reserves available for distribution to the Company's shareholders of the Group and the Company are set out on page 61 of this annual report and in note 38 to the consolidated financial statements. The Company did not have any distributable reserves as at 31 March 2020.

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the years ended 31 March 2019 and 2020 are set out in note 14 to the consolidated financial statements in this annual report.

DONATIONS

During the year ended 31 March 2020, the Group did not make any charitable donations (2019: Nil).

SHARE CAPITAL

Details of movements in share capital of the Company during the years ended 31 March 2019 and 2020 are set out in note 26 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors who held office during the year ended 31 March 2020 and up to the date of this annual report are as follows:

Executive Directors

Mr. Liang Zihao *(Chief Executive Officer)* (appointed on 22 January 2020)
Mr. Sam Weng Wa Michael (appointed on 22 January 2020)
Mr. So Wing Keung *(Chairman and Chief Executive Officer)* (resigned with effect from 22 January 2020)
Mr. Leung Shu Kin (resigned with effect from 22 January 2020)
Ms. Lam Yat Ting (resigned with effect from 1 July 2019)

Non-Executive Director

Mr. Wu Jianwei *(Chairman)* (appointed on 22 January 2020)

Independent Non-Executive Directors

Mr. Tam Ka Hei Raymond (appointed on 1 July 2019)
Mr. Yuen Chun Fai (appointed on 22 January 2020)
Ms. Zhu Xiaohui (appointed on 22 January 2020)
Mr. Kwong Chi Wing (resigned with effect from 22 January 2020)
Ms. Ngan Sze Sze Stephanie (resigned with effect from 1 July 2019)
Mr. Tong Ho Kai Eric (resigned with effect from 30 June 2019)
Mr. Chan Ka Yeung (appointed on 1 July 2019 and resigned with effect from 22 January 2020)

In accordance with the Articles, all the Directors, namely Mr. Liang Zihao, Mr. Sam Weng Wa Michael, Mr. Wu Jianwei, Mr. Tam Ka Hei Raymond, Mr. Yuen Chun Fai and Ms. Zhu Xiaohui, 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 19 to 21 of this annual report.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors during the year ended 31 March 2020 are set out in note 10 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 2020 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 2020.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 37.3% and sales to the Group's largest customer amounted to approximately 17.4% of the total revenue for the year ended 31 March 2020, respectively. Purchases from the Group's five largest suppliers accounted for approximately 31.5% and purchases from the Group's largest supplier amounted to approximately 19.2% of the total purchases for the year ended 31 March 2020.

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 2020.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2020, 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 35 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 ended 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 was indirectly owned as to 90% and 10% by Mr. So and Mr. Leung, respectively. Mr. So and Mr. Leung were executive Directors and the controlling shareholders (as defined under the GEM Listing Rules) of our Company. Hence, Global Window was 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 31 March 2020 pursuant to the Shaukeiwan Premises Tenancy Agreement shall not exceed the annual caps set out below:

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

Note: On 28 June 2019, Mr. So has entered into a sale and purchase agreement with an independent third party to dispose all of his equity interests in Global Window. Following the completion of this transaction, the leasing of property by Global Window to the Group has ceased 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 premises 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 2020, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020.

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 2020.

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 2020, 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. Wu Jianwei ("Mr. Wu")	Interest in controlled corporation *(Note 1)*	223,778,000 Shares	—	223,778,000 Shares	50.86%
Mr. Liang Zihao ("Mr. Liang")	Interest in controlled corporation *(Note 2)*	223,778,000 Shares	—	223,778,000 Shares	50.86%

Notes:

(1) Mr. Wu owns 51% of the issued share capital of Global Fortune Global Limited ("Global Fortune"). Mr. Wu is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.

(2) Mr. Liang owns 49% of the issued share capital of Global Fortune. Mr. Liang is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.

(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. Wu	Global Fortune	Beneficial owner	51 Shares	51%
Mr. Liang	Global Fortune	Beneficial owner	49 Shares	49%

Notes:

(1) Global Fortune is legally and beneficially owned as to 51% by Mr. Wu. Therefore by virtue of the SFO, Mr. Wu is deemed to have the interest owned by Global Fortune.

(2) Global Fortune is legally and beneficially owned as to 49% by Mr. Liang. Therefore Mr. Liang is deemed to be interested in the Shares in which Global Fortune is interested under the SFO.

Save as disclosed above, as at 31 March 2020, 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 2020, 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
Global Fortune	Long position	Beneficial owner *(Note 1)*	223,778,000 Shares	50.86%
Glorytwin Limited ("Glorytwin")	Long position	Beneficial owner *(Note 2)*	94,200,000 Shares	21.41%
Colorful Bay Limited ("Colorful Bay")	Long position	Deemed interest, interest in controlled corporation *(Note 2)*	94,200,000 Shares	21.41%

Note:

(1) Global Fortune is legally and beneficially owned as to 51% and 49% by Mr. Wu and Mr. Liang respectively. Therefore by virtue of the SFO, Mr. Wu and Mr. Liang are deemed to have the interest owned by Global Fortune.

(2) 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 2020, 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, the 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 the 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 2020.

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 2020, 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 up to 5 November 2019, 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 5 November 2019.

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

During the period from 1 April 2019 to 31 July 2019, VBG Capital Limited ("VBG") acted as the compliance adviser of the Company. The Company has been informed by VBG that as at 31 July 2019, neither VBG nor its directors or employees or close associates has, or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules, apart from the compliance adviser agreement entered into between the Company and VBG dated 11 September 2017.

VBG resigned as the compliance adviser of the Company and Dakin Capital Limited ("Dakin") acted as the compliance officer of the Company respectively with effect from 31 July 2019.

The Company has been informed by Dakin that as at 31 March 2020, neither Dakin nor its directors or employees or close associates has, or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Dakin dated 31 July 2019.

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 22 to 36 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Pursuant to the joint announcement published on 13 January 2020 (the "Joint Announcement"), immediately after the close of mandatory unconditional cash offer, a total of 109,522,000 Shares, representing approximately 24.89% of the total issued share capital of the Company as at the date of the Joint Announcement, are held by the public. Accordingly, the Company cannot fulfill the minimum public float requirement set out under Rule 11.23(7) of the GEM Listing Rules.

Subsequent to 13 January 2020, the Company has taken appropriate steps to restore the required minimum public float. Pursuant to the announcement published by the Company on 23 January 2020, immediately upon completion of disposal of 500,000 shares in the Company, through open market by Global Fortune Global Limited to the public (as defined under the GEM Listing Rules), the public float of the Company has been restored to not less than 25% of the issued share capital of the Company in compliance with the GEM Listing Rule with effect from the completion of the disposal.

Save as mentioned above, the Company has maintained the prescribed public float under the GEM Listing Rules during the year ended 31 March 2020 and up to the date of this 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

D & PARTNERS CPA LIMITED was appointed as the auditor of the Company by the Board on 30 March 2020 to fill the causal vacancy following the resignation of Mazars CPA Limited and held the office until the conclusion of the 2020 annual general meeting of the Company. Save for the above, there was no other change in the auditor of the Company since the Company listed on 11 May 2018.

The financial statements for the year ended 31 March 2020 have been audited by D & PARTNERS CPA LIMITED. D & PARTNERS CPA LIMITED will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint D & Partners CPA Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting.

EVENTS AFTER THE REPORTING PERIOD

The outbreak of COVID-19 in Hong Kong and various countries around the globe has affected many businesses to different extent. The Group estimates that the degree of COVID-19 impact would be dependent on the outcome of various preventive measures and the duration of the epidemic. The Group is closely monitoring the market development and continuously evaluating the financial impact of the COVID-19 situation on the Group's operational and financial performance. Given the unpredictability of future development of COVID-19, the impacts to the Group could not be reasonably and accurately estimated at this stage.

On behalf of the Board

Mr. Wu Jianwei
Chairman

Hong Kong, 22 June 2020

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders 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 (collectively referred to as "the Group") set out on pages 58 to 129, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated 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 ("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 of 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 Note 5 to the consolidated financial statements.* The Group recognised revenue of approximately HK$64,278,000 (2019: HK$73,976,000) from the provision of integrated printing services for the year ended 31 March 2020. Revenue from provision of financial printing services on IPO projects of approximately HK$3,008,000 (2019: HK$6,554,000) 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.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 18 June 2019.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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.

D & PARTNERS CPA LIMITED
Certified Public Accountants
Yeung Chun Yue, David
Practising Certificate Number: P05595
Hong Kong
22 June 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	5	**64,278**	73,976
Cost of services		**(54,929)**	(53,796)
Gross profit		**9,349**	20,180
Other income	6	**1,977**	1,152
Selling expenses		**(3,673)**	(2,427)
Administrative and other operating expenses		**(24,063)**	(20,515)
Finance costs	7	**(858)**	(213)
Listing expenses		**—**	(5,928)
Loss before tax		**(17,268)**	(7,751)
Income tax credit	8	**985**	182
Loss and total comprehensive expense for the year	9	**(16,283)**	(7,569)
(Loss) profit and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(16,330)**	(7,736)
Non-controlling interests		**47**	167
		(16,283)	(7,569)
Loss per share attributable to owners of the Company			
Basic and diluted *(HK cents)*	13	**(3.71)**	(1.81)

Consolidated Statement of Financial Position

At 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	14	**20,175**	28,390
Right-of-use assets	15	**35,664**	—
Deposits	18	**2,930**	—
Deferred tax assets	25	**11**	54
		58,780	28,444
Current assets			
Inventories	16	**924**	2,084
Contract assets	17	**193**	2,865
Trade and other receivables	18	**17,069**	19,878
Tax recoverable		**964**	1,150
Bank balances and cash	19	**48,766**	62,145
		67,916	88,122
Current liabilities			
Contract liabilities	17	**709**	387
Trade and other payables	20	**10,632**	14,554
Bank borrowing	21	**241**	3,123
Lease liabilities/obligations under finance leases	22,23	**9,908**	451
Provisions	24	**300**	—
Tax payable		**—**	155
		21,790	18,670
Net current assets		**46,126**	69,452
Total assets less current liabilities		**104,906**	97,896
Non-current liabilities			
Lease liabilities/obligations under finance leases	22,23	**25,747**	1,592
Provisions	24	**886**	—
Deferred tax liabilities	25	**3,197**	4,244
		29,830	5,836
NET ASSETS		**75,076**	92,060

Consolidated Statement of Financial Position

At 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Capital and reserves			
Share capital	26	**4,400**	4,400
Reserves		**70,676**	87,271
Equity attributable to owners of the Company		**75,076**	91,671
Non-controlling interests	27	**—**	389
TOTAL EQUITY		**75,076**	92,060

The consolidated financial statements on pages 58 to 129 were approved and authorised for issue by the Board of Directors on 22 June 2020 and signed on its behalf by

Wu Jianwei
Director

Liang Zihao
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Attributable to owners of the Company						
		Reserves					
	Share capital HK$'000	Share premium HK$'000 (Note i)	Capital reserve HK$'000 (Note ii)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2018	—*	—	17,802	24,384	42,186	372	42,558
(Loss) profit and total comprehensive (expense) income for the year	—	—	—	(7,736)	(7,736)	167	(7,569)
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 12)*	—	—	—	—	—	(150)	(150)
At 31 March 2019	4,400	52,821	17,802	16,648	91,671	389	92,060
Adjustments *(Note 2)*	—	—	—	(256)	(256)	—	(256)
At 1 April 2019 (Restated)	**4,400**	**52,821**	**17,802**	**16,392**	**91,415**	**389**	**91,804**
(Loss) profit and total comprehensive (expense) income for the year	**—**	**—**	**—**	**(16,330)**	**(16,330)**	**47**	**(16,283)**
Acquisition of additional interest in a subsidiary	**—**	**—**	**—**	**(9)**	**(9)**	**(436)**	**(445)**
At 31 March 2020	**4,400**	**52,821**	**17,802**	**53**	**75,076**	**—**	**75,076**

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

Note i: 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.

Note ii: 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 group reorganisation.

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	2020 *HK$'000*	2019 *HK$'000*
OPERATING ACTIVITIES		
Loss before tax	**(17,268)**	(7,751)
Adjustments for:		
Depreciation of property, plant and equipment	**6,745**	8,278
Depreciation of right-of-use assets	**12,838**	—
Impairment loss recognised on trade receivables	**394**	—
Interest income	**(714)**	(642)
Finance costs	**858**	213
(Gain)/loss on disposal of property, plant and equipment, net	**(163)**	4
Loss on disposal of a subsidiary	**503**	—
Operating cash flows before movements in working capital	**3,193**	102
Decrease in inventories	**1,160**	307
Decrease (increase) in contract assets	**2,672**	(1,776)
(Increase) decrease in trade and other receivables and deposits	**(1,713)**	4,037
Increase in contract liabilities	**322**	372
Decrease in trade and other payables and provisions	**(1,555)**	(2,023)
Cash generated from operations	**4,079**	1,019
Hong Kong Profits Tax received (paid)	**12**	(2,074)
Interest received	**659**	642
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**4,750**	(413)
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	**180**	—
Net cash outflow on disposal of a subsidiary	**(1)**	—
Payments for deposits	**(1,803)**	—
Purchase of property, plant and equipment	**(365)**	(759)
NET CASH USED IN INVESTING ACTIVITIES	**(1,989)**	(759)

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	2020 *HK$'000*	2019 *HK$'000*
FINANCING ACTIVITIES		
Acquisition of additional interest of a subsidiary	**(445)**	—
Repayment of bank borrowing	**(2,882)**	(3,564)
Repayment of lease liabilities/obligations under finance leases	**(11,964)**	(380)
Proceeds from Share Offer	**—**	66,000
Payment for transaction costs attributable to issue of shares	**—**	(8,779)
Interest paid	**(849)**	(213)
Dividends paid	**—**	(150)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(16,140)**	52,914
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(13,379)**	51,742
CASH AND CASH EQUIVALENTS AT 1 APRIL	**62,145**	10,403
CASH AND CASH EQUIVALENTS AT 31 MARCH, represented by bank balances and cash	**48,766**	62,145

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 Room 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. The activities of its subsidiaries are set out in note 36.

The immediate and ultimate holding company is Global Fortune Global Limited ("Global Fortune"), which is a limited liability company incorporated in the British Virgin Islands (the "BVI"). Mr. Wu Jianwei and Mr. Liang Zihao (the "Ultimate Controlling Parties"), who are a non-executive director and an executive director of the Company, held 51% and 49% of Global Fortune, respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 HKFRS 16 Leases *(Continued)*

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of machinery and lease premises in Hong Kong was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 HKFRS 16 Leases *(Continued)*

As a lessee *(Continued)*

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 2.40% to 3.74%.

	Note	**At 1 April 2019** **HK$'000**
Operating lease commitments disclosed as at 31 March 2019		**4,117**
Lease liabilities discounted at relevant incremental borrowing rates		**4,021**
Add: Extension option reasonably certain to be exercised		**3,138**
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		**7,159**
Add: Obligations under finance leases recognised at 31 March 2019	*(a)*	**2,043**
Lease liabilities as at 1 April 2019		**9,202**
Analysed as		
Current		**7,610**
Non-current		**1,592**
		9,202

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 HKFRS 16 Leases *(Continued)*

As a lessee *(Continued)*

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Note	Right-of-use assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		6,903
Amounts included in property, plant and equipment under HKAS 17 as at 31 March 2019		
— Assets previously under finance leases	(a)	1,818
		8,721

(a) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 approximately amounting to HK$1,818,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of approximately HK$451,000 and HK$1,592,000 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.

The following table summarises the impact of transition to HKFRS 16 on retained profits at 1 April 2019.

	Impact of adopting HKFRS 16 at 1 April 2019 HK$'000
Retained profits	
Depreciation of right-of-use assets from commencement dates upon application of HKFRS 16	**27,470**
Interest on lease liabilities from commencement dates upon application of HKFRS16	**1,538**
Less: Lease expenses under HKAS 17 before 1 April 2019	**(28,752)**
Impact at 1 April 2019	**256**

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 HKFRS 16 Leases *(Continued)*

As a lessee *(Continued)*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	28,390	(1,818)	26,572
Right-of-use assets	—	8,721	8,721
Capital and reserves			
Reserves	87,271	(256)	87,015
Current liabilities			
Lease liabilities	—	7,610	7,610
Obligations under finance leases	451	(451)	—
Non-current liabilities			
Lease liabilities	—	1,592	1,592
Obligations under finance leases	1,592	(1,592)	—

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[5]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The amendment is issued in June 2020 and is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including interim or annual financial statements not authorised for issue as at 4 June 2020, the date of the amendment is issued.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid19-related rent concessions is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendment to HKFRS 16 Covid-19-Related Rent Concessions *(Continued)*

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not lease modifications. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment is expected to have impact on the financial positions and performance of the Group if the Group would elect to early apply the amendment for the Group's annual period beginning on 1 April 2020.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Except for the above, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies adopted are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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 owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(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.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee (prior to 1 April 2019)

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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to defined contribution retirement scheme in Hong Kong 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.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies requirements of HKAS 12 Income Taxes to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Reinstatement provisions

Provision for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets, estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, contract assets, deposits and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the impairment loss equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt 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. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when 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).

Irrespective of the above, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

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 includes 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.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including bank borrowing and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables and contract assets which are individually insignificant. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 18 and 17.

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.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	2020	2019
	HK$'000	*HK$'000*
Commercial printing services	**36,096**	46,543
Financial printing services — Financial documents	**21,979**	19,708
Financial printing services — IPO documents	**3,008**	6,554
Other services *(Note)*	**3,195**	1,171
	64,278	73,976
Timing of revenue recognition		
A point in time	**61,270**	67,422
Over time	**3,008**	6,554
	64,278	73,976

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

(ii) 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.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Segment information *(Continued)*

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A	**11,199**	13,831

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment, net	**163**	—
Interest income	**714**	642
Sundry income	**1,100**	510
	1,977	1,152

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
— Interest on bank borrowing	**70**	165
— Interest on lease liabilities/obligations under finance leases	**788**	48
	858	213

8. INCOME TAX CREDIT

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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

	2020	2019
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current tax	**99**	1,063
Overprovision in prior year	**(80)**	(112)
	19	951
Deferred taxation credit *(note 25)*	**(1,004)**	(1,133)
Income tax credit	**(985)**	(182)

Reconciliation of income tax credit

	2020	2019
	HK$'000	*HK$'000*
Loss before tax	**(17,268)**	(7,751)
Tax at the domestic income tax rate	**(2,849)**	(1,279)
Tax effect of expenses not deductible for tax purpose	**830**	1,600
Tax effect of income not taxable for tax purpose	**(143)**	(238)
Tax effect of tax losses/deductible temporary difference not recognised	**1,297**	—
Income tax at concessionary rate	**(40)**	(165)
Overprovision in prior year	**(80)**	(112)
Others	**—**	12
Income tax credit	**(985)**	(182)

9. LOSS FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Staff costs (including directors' emoluments)		
— Salaries and other benefits	**33,546**	27,784
— Contributions to defined contribution plans	**1,546**	1,513
Total staff costs	**35,092**	29,297
Auditor's remuneration	**800**	900
Cost of inventories *(Note)*	**54,929**	53,796
Depreciation of property, plant and equipment	**6,745**	8,278
Depreciation of right-of-use assets	**12,838**	—
Exchange loss, net	**11**	25
Impairment loss recognised on trade receivables	**394**	—
Loss on disposal of property, plant and equipment, net	**—**	4
Loss on disposal of investment in a subsidiary	**503**	—
Operating lease charges for premises	**—**	11,631

Note: During the year ended 31 March 2020, cost of inventories included approximately HK$35,465,000 (2019: HK$32,704,000) relating to the aggregate amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets and operating lease charges, which were included in the respective amounts as disclosed above.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Certain directors of the Company received remuneration from the entities now comprising the Group during the years ended 31 March 2020 and 2019 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 2020 and 2019 are set out below.

Year ended 31 March 2020

	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. Liang Zihao *(Note i, ii)*	—	—	—	—	—
Mr. Sam Weng Wa Michael *(Note i)*	—	—	—	—	—
Mr. So Wing Keung ("Mr. So") *(Note vii, viii)*	—	—	—	—	—
Mr. Leung Shu Kin *(Note vii)*	—	720	80	36	836
Ms. Lam Yat Ting *(Note ix)*	180	—	—	—	180
Non-executive directors					
Mr. Wu Jianwei *(Note iii)*	—	—	—	—	—
Independent non-executive directors					
Mr. Tam Ka Hei Raymond *(Note iv)*	90	—	—	—	90
Mr. Yuen Chun Fai *(Note v)*	23	—	—	—	23
Ms. Zhu Xiaohui *(Note v)*	23	—	—	—	23
Mr. Chan Ka Yeung *(Note vi)*	67	—	—	—	67
Mr. Kwong Chi Wing *(Note xi)*	97	—	—	—	97
Ms. Ngan Sze Sze Stephanie *(Note xii)*	30	—	—	—	30
Mr. Tong Ho Kai Eric *(Note xiii)*	30	—	—	—	30
	540	720	80	36	1,376

10. DIRECTORS' EMOLUMENTS *(Continued)*

Year ended 31 March 2019

	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 *(Notes vii, viii)*	—	—	—	—	—
Mr. Leung Shu Kin *(Note vii)*	—	720	80	36	836
Ms. Lam Yat Ting *(Note ix)*	420	—	—	—	420
Independent non-executive directors					
Mr. Tam Pei Qiang *(Note x)*	54	—	—	—	54
Mr. Kwong Chi Wing *(Note xi)*	107	—	—	—	107
Mr. Cheung Wai Lun Jacky *(Note x)*	54	—	—	—	54
Ms. Ngan Sze Sze Stephanie *(Note xii)*	53	—	—	—	53
Mr. Tong Ho Kai Eric *(Note xiii)*	53	—	—	—	53
	741	720	80	36	1,577

Note i: Mr. Liang Zihao and Mr. Sam Weng Wa Michael were appointed as executive directors of the Company on 22 January 2020.

Note ii: Mr. Liang Zihao was appointed as the chief executive officer of the Company on 22 January 2020.

Note iii: Mr. Wu Jianwei was appointed as a non-executive director and the chairman of the Company on 22 January 2020.

Note iv: Mr. Tam Ka Hei Raymond was appointed as an independent non-executive director of the Company on 1 July 2019.

Note v: Mr. Yuen Chun Fai and Ms. Zhu Xiaohui were appointed as independent non-executive directors of the Company on 22 January 2020.

Note vi: Mr. Chan Ka Yeung was appointed as an independent non-executive director of the Company on 1 July 2019 and resigned with effect from 22 January 2020.

Note vii: Mr. So and Mr. Leung Shu Kin were appointed as directors of the Company on 24 January 2017, re-designated as executive directors of the Company on 11 September 2017 and resigned with effect from 22 January 2020.

Note viii: Mr. So was appointed as the chairman and chief executive officer of the Company on 11 September 2017 and resigned with effect from 22 January 2020.

Note ix: Ms. Lam Yat Ting was appointed as an executive director of the Company on 1 September 2018 and resigned with effect from 1 July 2019.

Note x: 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 with effect from 22 October 2018.

10. DIRECTORS' EMOLUMENTS *(Continued)*

Note xi: Mr. Kwong Chi Wing was appointed as an independent non-executive director of the Company on 19 April 2018 and resigned with effect from 22 January 2020.

Note xii: Ms. Ngan Sze Sze Stephanie was appointed as an independent non-executive director of the Company on 22 October 2018 and resigned with effect from 1 July 2019.

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

During the years ended 31 March 2020 and 2019, 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 or the chief executive waived or agreed to waive any remuneration during the years ended 31 March 2020 and 2019.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one director (2019: one director), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining four (2019: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020	2019
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**3,365**	3,218
Contributions to defined contribution plans	**130**	125
	3,495	3,343

Their emoluments fell within the following bands is as follows:

	Number of employees	
	2020	2019
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	1

During the years ended 31 March 2020 and 2019, no emoluments were paid by the Group to any of these highest paid non-director and non-chief executive employees 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 2020 and 2019.

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period.

During the year ended 31 March 2019, interim dividends of Nil and HK$150,000 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.

13. LOSS PER SHARE

The calculation of the basic loss per share attributed to the owners of the Company is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	**(16,330)**	(7,736)
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**440,000**	427,945

For the year ended 31 March 2019, 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 26 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 2020 and 2019.

14. 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
COST					
At 1 April 2018	4,810	106,722	12,507	1,034	125,073
Additions	—	2,374	170	—	2,544
Disposals	—	(2,595)	(203)	—	(2,798)
At 31 March 2019	4,810	106,501	12,474	1,034	124,819
Adjustment upon application of HKFRS16	—	(2,407)	—	—	(2,407)
At 1 April 2019 (restated)	4,810	104,094	12,474	1,034	122,412
Additions	—	—	365	—	365
Disposals	—	(1,827)	(763)	(816)	(3,406)
At 31 March 2020	4,810	102,267	12,076	218	119,371
DEPRECIATION					
At 1 April 2018	4,754	73,322	12,039	830	90,945
Provided for the year	28	7,845	242	163	8,278
Eliminated on disposals	—	(2,595)	(199)	—	(2,794)
At 31 March 2019	4,782	78,572	12,082	993	96,429
Adjustment upon application of HKFRS16	—	(589)	—	—	(589)
At 1 April 2019 (restated)	4,782	77,983	12,082	993	95,840
Provided for the year	8	6,475	235	27	6,745
Eliminated on disposals	—	(1,827)	(760)	(802)	(3,389)
At 31 March 2020	4,790	82,631	11,557	218	99,196
CARRYING VALUES					
At 31 March 2020	20	19,636	519	—	20,175
At 31 March 2019	28	27,929	392	41	28,390

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on straight-line basis at the following rates per annum:

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

As at 31 March 2019, the carrying values of plant and machinery of the Group include a carrying amount of HK$1,818,000 (net of the accumulated depreciation of HK$589,000) in respect of assets under finance leases. The carrying amount was recategorised to right-of-use assets at 1 April 2019 upon initial application of HKFRS 16.

15. RIGHT-OF-USE ASSETS

	Leased properties	Machineries	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2019			
Carrying amount	6,903	1,818	8,721
As at 31 March 2020			
Carrying amount	34,217	1,447	35,664
For the year ended 31 March 2020			
Depreciation charge	(12,312)	(526)	(12,838)
Total cash outflow for leases			11,964
Additions to right-of-use assets			39,781

For both years, the Group leases various offices and machineries for its operations. Lease contracts are entered into for fixed term of 3 to 5 years, but may have extension options as described below. Certain leases of machinery were accounted for as finance leases during the year ended 31 March 2019 and carried interest ranged from 2.40% to 2.80%. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

15. RIGHT-OF-USE ASSETS *(Continued)*

Extension and termination options

The Group has an extension option in a lease of factory. This is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain not to exercise and termination options in which the Group is not reasonably certain not to exercise is summarised below:

	Lease liabilities recognised as at 31 March 2020 *HK$'000*	**Potential future lease payments not included in lease liabilities (undiscounted)** *HK$'000*
Factory — Hong Kong	20,102	—

The following table summarised the additional lease liabilities recognised during the year ended 31 March 2020 due to the exercise of extension option that the Group was not reasonably certain to exercise and not exercising termination option that the Group was not reasonably certain not to exercise:

	Extension option exercisable the during year ended 31 March 2020 *No. of leases*	**Extension option exercised** *No. of leases*
Factory — Hong Kong	1	1
Additional lease liabilities recognised during the year ended 31 March 2020 (HK$'000)		10,615

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 March 2020, there is no such triggering event.

16. INVENTORIES

	2020	2019
	HK$'000	*HK$'000*
Raw materials	**860**	1,957
Work in progress	**64**	127
	924	2,084

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Note	As at 31 March 2020	As at 31 March 2019
		HK$'000	*HK$'000*
Contract assets	*(a)*	**193**	2,865
Contract liabilities	*(b)*	**709**	387

(a) Contract assets

	2020	2019
	HK$'000	*HK$'000*
Provision of financial printing services on IPO projects	**193**	2,865

The contract assets primarily relate to the Group's right to consideration for work completed and not billed on the financial printing services on IPO projects because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer contract assets to trade receivables upon achieving the specified milestones in the contracts.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Details of the impairment assessment of contract assets are set out in note 33. As at 31 March 2020, none of the Group's contract assets were impaired (2019: Nil).

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

(a) Contract assets *(Continued)*

There was no retention held by customers on services contracts as at 31 March 2020 (2019: Nil).

Movements in contract assets

	2020	2019
	HK$'000	*HK$'000*
At the beginning of the reporting period	**2,865**	1,089
Additions for the year	**193**	2,160
Transferred to trade receivables for the year	**(2,865)**	(384)
At the end of the reporting period	**193**	2,865

(b) Contract liabilities

	2020	2019
	HK$'000	*HK$'000*
Provision of financial printing services on IPO projects	**709**	387

The contract liabilities represent the Group's obligation to transfer performance obligation to customers for which the Group has received considerations from the customers.

When the Group receives a deposit before the provision of financial printing services on IPO projects commence, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit received.

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

(b) Contract liabilities *(Continued)*

Movements in contract liabilities

	2020	2019
	HK$'000	*HK$'000*
At the beginning of the reporting period	**387**	15
Additions for the year	**408**	387
Revenue recognised for the year	**(86)**	(15)
At the end of the reporting period	**709**	387

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

18. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2020	2019
	HK$'000	*HK$'000*
Trade receivables		
— contracts with customers	**9,366**	13,047
Other receivables	**2,857**	4,285
Prepayments	**1,218**	352
Deposits	**6,558**	2,194
	10,633	6,831
Total	**19,999**	19,878
Analysed for reporting purposes as:		
Non-current assets	**2,930**	—
Current assets	**17,069**	19,878
	19,999	19,878

18. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

As at 1 April 2018, trade receivables from contracts with customers amounted to HK$15,548,000.

The Group normally grants credit terms up to 60 days from the date of issuance of invoices. The credit period provided to customers can vary based on a number of factors including nature of operations, the Group's relationship with the customer and the customer's credit profile.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice date at the end of each reporting period is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**4,117**	9,006
31 to 60 days	**1,898**	1,298
61 to 90 days	**1,736**	2,063
Over 90 days	**1,615**	680
	9,366	13,047

As at 31 March 2020, included in the Group's trade receivables balance, are debtors with aggregate carrying amount of HK$5,242,000 which are past due as at the reporting date. Out of the past due balances, HK$927,000 has been past due 90 days or more and is not considered as in default as these balances are mainly due from customers of good credit quality. The Group does not hold any collateral over the balances.

As at 31 March 2019, major debtors comprising the Group's trade receivables that are neither past due nor impaired have no default history and of good credit quality. Out of the past due trade receivable balances, HK$327,000 are past due for over 90 days for which the Group has not provided for impairment loss as these balances are mainly due from customers with good credit.

18. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	HK$'000
Balance at 31 March 2019	—
Impairment losses recognised	394
Write-offs	(252)
Balance at 31 March 2020	142

As at 31 March 2020 and 31 March 2019, other receivables of the Group are neither past due nor impaired and they have no default history and there are continuous subsequent settlements.

Details of impairment assessment of trade and other receivables are set out in note 33.

19. BANK BALANCES AND CASH

As at 31 March 2020, bank balances and cash carry interest at prevailing market rate of 0.01% (2019: 0.01% to 1.47%) per annum.

Details of impairment assessment of bank balances are set out in note 33.

20. TRADE AND OTHER PAYABLES

	2020 *HK$'000*	2019 *HK$'000*
Trade payables	**1,378**	2,328
Accruals and other payables	**4,669**	4,999
Deposits received	**4,585**	7,227
	9,254	12,226
Total	**10,632**	14,554

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

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2020 *HK$'000*	2019 *HK$'000*
0 to 30 days	**668**	1,613
31 to 60 days	**587**	424
61 to 90 days	**123**	291
	1,378	2,328

21. BANK BORROWING

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

	2020 HK$'000	2019 HK$'000
Bank borrowing – secured	**241**	3,123
Carrying amounts of bank borrowing that contain a repayment clause (show under current liabilities) but repayable:		
Within one year	**241**	2,882
Within a period of more than one year, but not exceeding two years	**—**	241
	241	3,123

As at 31 March 2020 and 2019, the bank borrowing bore a floating interest rate at 1 month's Hong Kong Inter-bank Offered Rate plus 2.25% per annum. The effective interest rate on bank borrowing as at 31 March 2020 is approximately 3.39% (2019: 3.74%) per annum.

The bank borrowing is drawn under banking facilities. The banking facilities are secured and guaranteed by corporate guarantees given by the Company. The guarantees provided by Mr. So, a subsidiary and a related company were released and replaced by guarantees given by the Company during the year ended 31 March 2019.

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 33 to the consolidated financial statements. As at 31 March 2020 and 2019, none of the covenants relating to drawn down facilities had been breached.

22. LEASE LIABILITIES

	31 March 2020 *HK$'000*
Leases liabilities payable:	
Within one year	**9,908**
Within a period of more than one year but not more than two years	**10,379**
Within a period of more than two years but not more than five years	**11,890**
Within a period of more than five years	**3,478**
	35,655
Less: Amount due to settlement with 12 months shown under current liabilities	**(9,908)**
Amount due to settlement after 12 months shown under non-current liabilities	**25,747**

23. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments 2019 *HK$'000*	**Present value of minimum lease payments** 2019 *HK$'000*
Obligations under finance leases payable:		
Within one year	502	451
Within a period of more than one year but not more than two years	585	549
In the second to fifth years inclusive	1,076	1,043
Within a period of more than two years but not more than five years	2,163	2,043
Less: future finance charges	(120)	—
Present value of lease obligations	2,043	2,043
Less: Amount due for settlement within 12 months shown under current liabilities		(451)
Amount due for settlement after 12 months shown under non-current liabilities		1,592

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 2.74% per annum.

24. PROVISIONS

	Reinstatement provisions *HK$'000*
At 1 April 2018 and 1 April 2019	—
Provisions recognised	1,186
At 31 March 2020	1,186
Analysed for reporting purposes as:	
Non-current liabilities	886
Current liabilities	300
	1,186

25. DEFERRED TAXATION

The following is the deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 March 2020 and 2019.

	Accelerated accounting depreciation *HK$'000*	Accelerated tax depreciation *HK$'000*	Total *HK$'000*
At 1 April 2018	67	(5,390)	(5,323)
(Charge) credit to profit or loss	(13)	1,146	1,133
At 31 March 2019 and 1 April 2019	**54**	**(4,244)**	**(4,190)**
(Charge) credit to profit or loss	**(43)**	**1,047**	**1,004**
At 31 March 2020	**11**	**(3,197)**	**(3,186)**

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

	2020 ***HK$'000***	2019 *HK$'000*
Deferred tax assets	**11**	54
Deferred tax liabilities	**(3,197)**	(4,244)
	(3,186)	(4,190)

The Group has unused estimated tax losses of approximately HK$6,326,000 (2019: Nil) and deductible temporary differences of HK$1,602,000 (2019: 330,000) available for offset against future profits as at 31 March 2020. The deductible temporary difference of HK$66,000 (2019: 330,000) as at 31 March 2020 has been recognised as deferred tax assets. No deferred tax asset has been recognised in respect of the entire unused tax losses and deductible temporary differences of HK$1,536,000 (2019: Nil) as at 31 March 2020 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

26. SHARE CAPITAL

		2020		2019	
		No. of shares	**Amount**	No. of shares	Amount
	Note	***'000***	***HK$'000***	*'000*	*HK$'000*
Authorised:					
Ordinary shares of HK$0.01 each					
At the beginning of the reporting period	*(a)*	**100,000,000**	**1,000,000**	38,000	380
Increase on 19 April 2018	*(b)*	**—**	**—**	99,962,000	999,620
At the end of the reporting period		**100,000,000**	**1,000,000**	100,000,000	1,000,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At the beginning of the reporting period	*(a)*	**440,000**	**4,400**	—*	—*
Issue of shares pursuant to the Capitalisation Issue	*(c)*	**—**	**—**	330,000	3,300
Issue of shares pursuant to Share Offer	*(d)*	**—**	**—**	110,000	1,100
At the end of the reporting period		**440,000**	**4,400**	440,000	4,400

* Represent the amounts less than HK$1,000

Notes:

(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 Mr. So.

(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.

26. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(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.

27. NON-CONTROLLING INTERESTS

As at 31 March 2019, the Group had material non-controlling interests ("NCI") arising from its 85% equity interest in a subsidiary of the Group, Teamco Translation Limited. On 16 January 2020, the Group completed the acquisition of the remaining 15% equity interest in Teamco Translation Limited, which became a wholly-owned subsidiary after the acquisition, by cash consideration of HK$445,000.

28. 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.

28. SHARE OPTION SCHEME *(Continued)*

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

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

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

No option has been granted or exercised under the Scheme during the years ended 31 March 2020 and 2019.

29. 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.

30. DISPOSAL OF A SUBSIDIARY

On 28 February 2020, the Group completed the disposal of the entire issued share capital in a wholly-owned subsidiary of the Group, ELE Print Solutions Limited, to an independent third party, for a consideration of HK$50,000. ELE Print Solutions Limited was principally engaged in provision of printing service. The net assets of ELE Print Solutions Limited at the date of disposal were as follows:

	HK$'000
Consideration received:	
Cash received	**50**

	28 February 2020 *HK$'000*
Analysis of assets and liabilities over which control was lost:	
Trade receivables, deposits and prepayments	**2,569**
Bank balances and cash	**51**
Trade payables and accruals	**(2,067)**
Net assets disposed of	**553**
Loss on disposal of a subsidiary:	
Consideration received	**50**
Net assets disposed of	**(553)**
Loss on disposal	**(503)**
Net cash outflow arising on disposal:	
Cash consideration	**50**
Less: bank balances and cash disposed of	**(51)**
	(1)

31. 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 31 March 2019, the Group had commitments for future minimum lease payments in respect of premises under non-cancellable operating leases which fall due as follows:

	2019
	HK$'000
Within one year	4,117

32. CAPITAL RISK 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 2020 and 2019.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2020	2019
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**67,740**	84,536
Financial liabilities — Amortised cost	**5,318**	10,450
Lease liabilities/obligations under finance leases	**35,655**	2,043

Financial risk management objectives and policies

The Group's major financial instruments comprise of contract assets, trade and other receivables, deposits, bank balances and cash, trade and other payables and bank borrowing. 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 of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

33. FINANCIAL INSTRUMENTS *(Continued)*

Currency risk

During the years ended 31 March 2020 and 2019, 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 2020 and 2019, 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.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 22). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowing (see note 19 and 21). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings. 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. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arises.

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points increase or decrease in variable-rate bank borrowing are used represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended 31 March 2020 would increase/decrease by HK$2,000 (2019: HK$31,000), but there would be no impact on the other equity reserves. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowing.

33. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment

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 credit risk exposures are primarily attributable to trade and other receivables, deposits, contract assets and bank balances.

Trade receivables and contract assets arising from contracts with customers

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 2020, the Group had concentration of credit risk as approximately 23% (2019: 17%) of the total trade receivables and contract assets was due from the Group's largest customer and approximately 44% (2019: 50%) 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.

33. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables and contract assets arising from contracts with customers *(Continued)*

The Coronavirus Disease 2019 ("COVID-19") has affected the ability of the customers on an individual or collective basis, to settle the trade receivables and contract assets that are past due as at 31 March 2020. After the consideration of one credit-impaired customer, no significant default history of the remaining customers and the forward-looking factors, the management estimates that the ECL for trade receivables and contract assets is HK$394,000.

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 estimates that the ECL for those balances is insignificant and those balances were not credit-impaired at 31 March 2019.

The Group does not hold any collateral over trade receivables as at 31 March 2020 (2019: Nil).

Other receivables and deposits

The management of the Group considers that the other receivables and deposits 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 and deposits 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 and deposits to be insignificant after taking into account the financial position and credit quality of the counterparties and thus no loss allowance was recognised for the years ended 31 March 2020 and 2019. There was no change in the estimation techniques or significant assumptions made during the year.

33. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk and impairment assessment *(Continued)*

Bank balances

The credit risk for bank balances is considered as not material as such amounts are placed in banks with good reputation.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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.

33. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specially, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate	On demand	1-3 months	3 months to 1 year	1-5 years	> 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2020								
Non-derivative financial liabilities								
Trade and other payables	**N/A**	**—**	**5,077**	**—**	**—**	**—**	**5,077**	**5,077**
Bank borrowing	**3.39**	**241**	**—**	**—**	**—**	**—**	**241**	**241**
Lease liabilities	**3.94**	**—**	**2,501**	**8,854**	**24,297**	**3,545**	**39,197**	**35,655**
		241	**7,578**	**8,854**	**24,297**	**3,545**	**44,515**	**40,973**
As at 31 March 2019								
Non-derivative financial liabilities								
Trade and other payables	N/A	—	7,327	—	—	—	7,327	7,327
Bank borrowing	3.74	3,191	—	—	—	—	3,191	3,123
Obligations under finance leases	2.74	—	63	439	1,661	—	2,163	2,043
		3,191	7,390	439	1,661	—	12,681	12,493

33. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

Bank borrowing with a repayment on demand clause is included in the "Repayable on demand" time band in the above maturity analysis. As at 31 March 2020, the aggregate carrying amount of the bank borrowing was approximately HK$241,000 (2019: HK$3,123,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowing of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreement.

For the purpose of managing liquidity risk, the management of the Group reviews the expected cash flow information of the Group's bank borrowing based on the scheduled repayment dates set out in the bank borrowing agreement as set out in the table below:

	Weighted average effective interest rate	1-3 months	3 months to 1 year	1-5 years	> 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowing:							
As at 31 March 2020	3.39	241	—	—	—	241	241
As at 31 March 2019	3.74	750	2,200	241	—	3,191	3,123

Fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discount cash flows analysis.

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 31 March 2020 and 2019.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowing	Lease liabilities/ obligations under finance leases	Dividends payable	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2018	6,687	638	—	7,325
Financing cash flows *(note)*	(3,564)	(380)	(150)	(4,094)
Purchase of property, plant and equipment through finance leases	—	1,785	—	1,785
Declaration of dividends	—	—	150	150
At 31 March 2019	3,123	2,043	—	5,166
Adjustment upon application of HKFRS 16	—	7,159	—	7,159
At 1 April 2019 (restated)	3,123	9,202	—	12,325
Financing cash flows *(note)*	(2,882)	(11,964)	—	(14,846)
New leases entered/lease modified	—	38,417	—	38,417
At 31 March 2020	241	35,655	—	35,896

Note: The financing cash flows represented the net amount of payment of finance costs, repayment to bank borrowing and lease liabilities/obligations under finance leases and dividends payment.

35. 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 2020 and 2019:

Name of related company	Nature of transactions	2020	2019
		HK$'000	*HK$'000*
Global Window Limited ("Global Window") *(Note (i))*	Rental expenses *(Note (ii))*	**1,585**	6,343

Notes:

(i) This related company is controlled by Mr. So during the year ended 31 March 2019. On 28 June 2019, Mr. So has disposed all of his equity interests in Global Window.

(ii) This related party transaction constitutes continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules. Following the completion of disposal of equity interests in Global Window by Mr. So, the transaction is ceased to be regarded as continuing connected transaction on 28 June 2019. Relevant disclosures about this transaction have been disclosed in the Report of the Directors of the annual report of the Company.

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

	2020	2019
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**4,850**	4,634
Contributions to defined contribution retirement scheme	**161**	152
	5,011	4,786

Further details of the directors' emoluments are set out in Note 10 to the consolidated financial statements.

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries at 31 March 2020 and 2019 are as follows:

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital	Attributable equity interest of the Group as at 31 March 2020	2019	Principal activities
Directly held						
Elegance Printing Holding Limited ("Elegance Printing Holding BVI")	The BVI	8 February 2017	United States dollar ("US$") 11	100%	100%	Investment holding
Elegance Printing Services Holding Limited ("Elegance Printing Services Holding BVI")	The BVI	14 February 2017	US$11	100%	100%	Investment holding
Qing Heng Investment Limited ("Qing Heng Investment BVI")	The BVI	6 June 2018	US$1	100%	100%	Investment holding
Indirectly held						
Elegance Printing Company Limited	Hong Kong	15 April 1992	HK$17,893,428	100%	100%	Provision of printing services
Elegance Finance Printing Services Limited	Hong Kong	15 December 1994	HK$1,000	100%	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%	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	100%	85%	Provision of translation services
Elegance Finance Investment Limited	Hong Kong	5 July 2018	HK$100	100%	100%	Inactive
ELE Print Solutions Limited (formerly know as "Glory Point Development Limited")	Hong Kong	28 October 2018	HK$1	—	100%	Provision of printing services

None of the subsidiaries had issued any debt securities at 31 March 2020 and 2019 or at any time during both years.

37. EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of the COVID-19 in January 2020, the prevention and control of the COVID-19 has been going on throughout the globe. The COVID-19 has affected the operation of businesses globally and in varying degrees, the extent of which will depend on factors, including evolvement of the pandemic, macro policies, resumption of work and activities in enterprises, and may have a further impact on the industry as well as businesses of the Group to a certain extent. The Group has closely monitored the situation of COVID-19 and the Group's exposure to the risks and uncertainties in connection with the outbreak. The Group have also started assessment of its impact on the Group's operation and financial performance, maintained close communication with different stakeholders of the Group.

Due to the inherent nature and unpredictability of future development and market sentiment, the actual financial impacts could be different depending on future development of the outbreak, government policies and measures in response to the outbreak. The directors of the Company consider that the financial effects on the Group's consolidated financial statements cannot be reasonably estimated as at the date these financial statements are authorised for issue, but will be reflected in the Group's future financial statements and beyond.

38. STATEMENT OF FINANCIAL POSITION AND RESERVES 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:

	2020	2019
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	**—***	—*
Current assets		
Amounts due from subsidiaries	**3,446**	866
Other receivables	**203**	236
Bank balances	**30,769**	36,004
	34,418	37,106
Current liability		
Other payables	**420**	628
Net current assets	**33,998**	36,478
NET ASSETS	**33,998**	36,478
Capital and reserves		
Share capital	**4,400**	4,400
Reserves	**29,598**	32,078
TOTAL EQUITY	**33,998**	36,478

* *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 22 June 2020 and signed on its behalf by

WU Jianwei
Director

LIANG Zihao
Director

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Movement in the Company's reserves

	Share premium	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2018	—	(12,832)	(12,832)
Loss and total comprehensive expense for the year	—	(7,911)	(7,911)
Issue of shares pursuant to the Share Offering	64,900	—	64,900
Issue of shares pursuant to the Capitalisation Issue	(3,300)	—	(3,300)
Transaction costs attributable to issue of shares	(8,779)	—	(8,779)
At 31 March 2019 and 1 April 2019	52,821	(20,743)	32,078
Loss and total comprehensive expense for the year	—	(2,480)	(2,480)
At 31 March 2020	52,821	(23,223)	29,598

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

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 2020 and 2019 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended/as at 31 March 2018, 2017 and 2016 is extracted from the Prospectus.

	Results of the Group for the year ended 31 March				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**64,278**	73,976	80,610	83,538	98,360
(Loss) profit before taxation	**(17,268)**	(7,751)	(7,894)	1,979	1,108
Income tax credit (expense)	**985**	182	(668)	18	674
(Loss) profit and total comprehensive (expense) income for the year	**(16,283)**	(7,569)	(8,562)	1,997	1,782
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company	**(16,330)**	(7,736)	(8,789)	1,900	1,816

	Assets and liabilities of the Group as at 31 March				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	**58,780**	28,444	34,195	43,347	55,434
Current assets	**67,916**	88,122	37,911	56,297	79,738
Total assets	**126,696**	116,566	72,106	99,644	135,172
Current liabilities	**21,790**	18,670	23,848	31,180	50,034
Non-current liabilities	**29,830**	5,836	5,700	7,419	9,743
Net assets	**75,076**	92,060	42,558	61,045	75,395