



Elegance Commercial and Financial Printing Group Limited
精雅商業財經印刷集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8391

First Quarterly Report
2020/2021





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

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This report, for which the directors (the “Directors”, each a “Director”) of Elegance Commercial and Financial Printing Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30 June 2020, together with the comparative unaudited figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2020

		Three months ended 30 June	
	<i>Note</i>	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	16,850	20,434
Cost of services		(12,767)	(15,350)
Gross profit		4,083	5,084
Other income	4	358	324
Selling expenses		(454)	(890)
Administrative and other operating expenses		(9,664)	(5,264)
Finance costs	5	(342)	(158)
Loss before taxation		(6,019)	(904)
Income tax credit/(expenses)	6	689	(35)
Loss and total comprehensive loss for the period		(5,330)	(939)
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		(5,330)	(947)
Non-controlling interests		—	8
		(5,330)	(939)
		HK cents	HK cents
Loss per share attributable to owners of the Company:			
Basic and diluted	7	(1.21)	(0.22)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Attributable to owners of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Retained profits/ accumulated loss HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2019 (Audited)	4,400	52,821	17,802	16,392	91,415	389	91,804
Change in equity for the three months ended 30 June 2019:							
(Loss) profit and total comprehensive (loss) income for the period	—	—	—	(947)	(947)	8	(939)
Balance at 30 June 2019 (Unaudited)	4,400	52,821	17,802	15,445	90,468	397	90,865
At 1 April 2020 (Audited)	4,400	52,821	17,802	53	75,076	—	75,076
Change in equity for the three months ended 30 June 2020:							
Loss and total comprehensive loss for the period	—	—	—	(5,330)	(5,330)	—	(5,330)
Balance at 30 June 2020 (Unaudited)	4,400	52,821	17,802	(5,277)	69,746	—	69,746

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

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

Note c: On 11 May 2018, the shares of the Company were listed on GEM of the Stock Exchange and 110,000,000 new ordinary shares of HK\$0.01 each were issued at HK\$0.6 per share by way of share offer. The gross proceeds from the share offer amounted to HK\$66,000,000.

Note d: Pursuant to the resolutions in writing of the Company's shareholders passed on 19 April 2018, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the Directors were authorised to allot and issue a total of 329,999,999 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$3,299,999.99 standing to the credit of the share premium account of the Company (the "Capitalisation Issue") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 11 May 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company (formerly known as Elegance Group Limited) was incorporated as an exempted company with limited liability in the Cayman Islands on 24 January 2017. The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is situated at 2402, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of printing, typesetting and translation services in Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited condensed consolidated results for the three months ended 30 June 2020 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in preparing the annual financial statements for the year ended 31 March 2020, except for a number of new standards and amendments to HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2020 have not been audited by the Company's auditors but have been reviewed by the audit committee of the Company (the "Audit Committee").

3.

REVENUE AND SEGMENT INFORMATION**Revenue**

Three months ended
30 June

	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Commercial printing services	7,385	12,075
Financial printing services	9,292	7,755
Other services (<i>Note</i>)	173	604
	16,850	20,434

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

Segment information

The Directors have determined that the Group has only one operating and reportable segment throughout the reporting periods, as the Group manages its business as a whole as the provision of integrated printing services in Hong Kong and the executive Directors, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

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

4. OTHER INCOME

Three months ended
30 June

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Interest income	28	153
Sundry income	330	171
	358	324

5. FINANCE COSTS

Three months ended
30 June

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Interest on bank borrowings	1	29
Interest on lease liabilities/obligations under finance leases	341	129
	342	158

6. INCOME TAX (CREDIT)/EXPENSES

	Three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax — Hong Kong Profits Tax:		
Provision for the period	106	317
Deferred taxation	(795)	(282)
	<hr/>	<hr/>
Income tax (credit)/expenses	(689)	35

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

Hong Kong Profits Tax has been provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the three months ended 30 June 2020. 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% (three months ended 30 June 2019: 16.5%).

7. LOSS PER SHARE

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

	Three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<i>Loss:</i>		
Loss for the purpose of calculating basic loss per share	(5,330)	(947)
	<hr/>	<hr/>
	'000 (Unaudited)	'000 (Unaudited)
<i>Number of shares:</i>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	440,000	440,000

Diluted loss per share are same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the three months ended 30 June 2020 and 2019.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2020 (2019: Nil).

9. EVENT AFTER THE REPORTING PERIOD

Following the approval by the shareholders at the extraordinary general meeting held on 23 July 2020 (the "EGM") and the granting of the listing of and permission to deal in the consideration shares by the listing committee of the Stock Exchange, all conditions to the sale and purchase agreement have been fulfilled and the completion of the discloseable and connected transaction in relation to the acquisition of the entire issued share capital and the shareholder's loan of Cornerstone EV Charging Service Limited (the "Target Company") involving the issue of consideration shares under the specific mandate (the "Acquisition") has taken place on 4 August 2020. As a result of the completion of the Acquisition, the Target Company became an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated with those of the Group.

Details of the Acquisition can be referred to the announcement of the Company dated 21 February 2020, the announcement of poll results of the EGM dated 23 July 2020 and the circular of the Company dated 30 June 2020.

Save as disclosed above, as from 30 June 2020 to the date of this report, the Board is not aware of any significant events that have occurred which require disclosure.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

Our printing business is supported by our in-house printing production factory located at Workshops 1-26, 7/F., Oceanic Industrial Centre, No. 2, Lee Lok Street, Ap Lei Chau, Hong Kong, with a usable area of approximately 32,000 square feet, as well as our in-house translation team in Hong Kong, which enables us to maintain timely and responsive printing and translation services to our commercial and financial printing customers.

Our revenue from commercial printing services decreased by approximately 38.8%, from approximately HK\$12.1 million for the three months ended 30 June 2019 to approximately HK\$7.4 million for the three months ended 30 June 2020. Our revenue from financial printing services increased by approximately 19.2%, from approximately HK\$7.8 million for the three months ended 30 June 2019 to approximately HK\$9.3 million for the three months ended 30 June 2020.

OUTLOOK

Due to the outbreak of the novel coronavirus (COVID-19) pandemic since early 2020 and the unsettled Sino-U.S. trade war which has caused uncertainty on the global economic outlook, the Board believes that the current economy will have an adverse impact on the number of new listing application, which may lead to a weak demand for commercial printing and financial printing services. Moreover, as proposed in the consultation paper published by the Stock Exchange on 24 July 2020 together with the Guidance Letter HKEX-GL86-16 updated on 24 July 2020, a paperless listing and subscription regime and producing simplified listing documents will be introduced, the Board believes that it will shrink the scope of services provided by the Group. As the provision of printing services is one of the major sources of income for the Group, the simplification of the listing documents may lead to the decrease in demand on typesetting and translation services for listing documents. The Board expects that the importance and/or the potential growth of revenue for the Group from preparing listing documents will decline and the negative impact of coronavirus epidemic will last for the next 12 to 24 months at least.

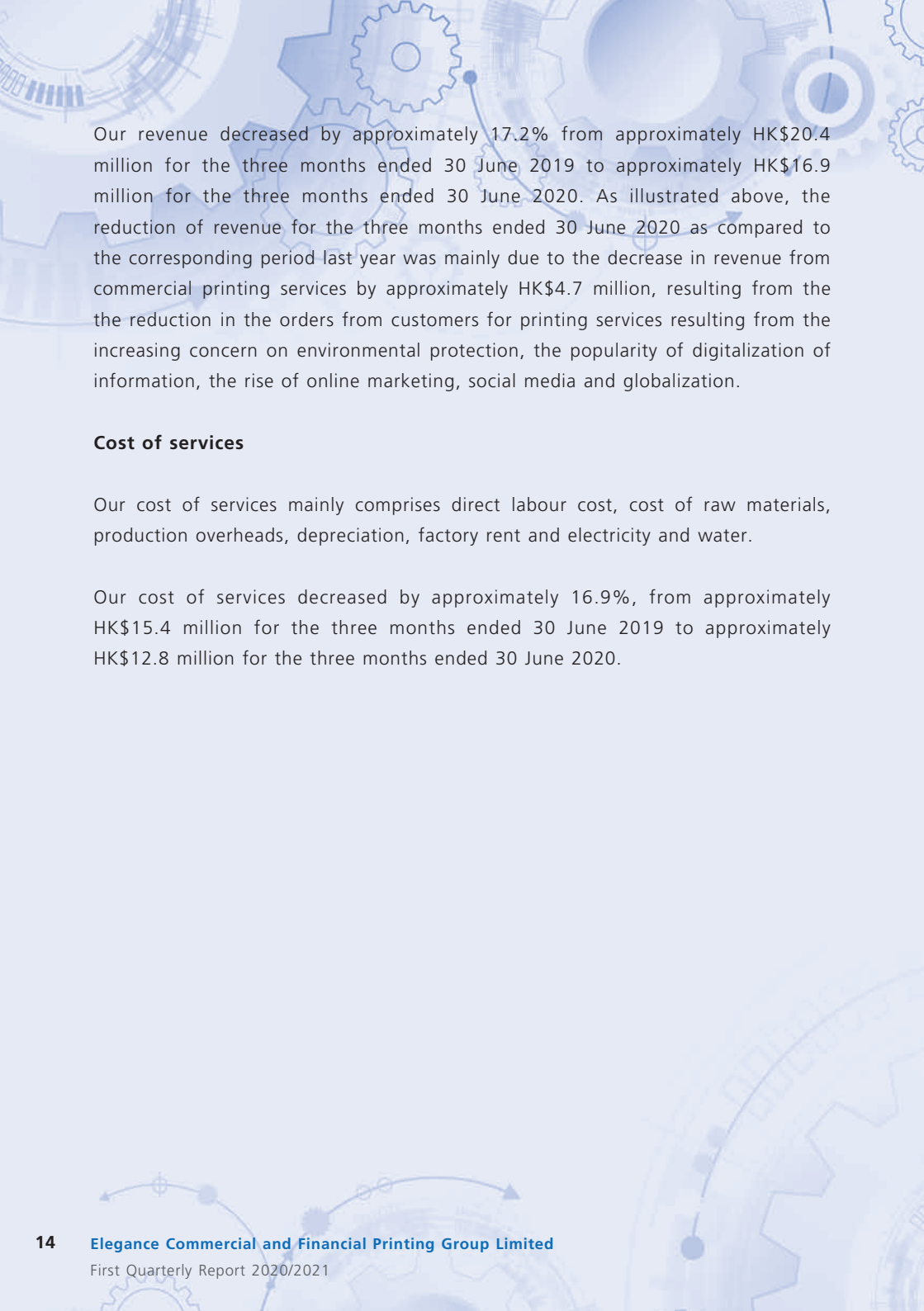
In light of the uncertainties in financial printing business, the management of the Company intended to explore new sustainable business opportunities to diversify its revenue for the interests of the Company and its shareholders as a whole. The management of the Company is of the view that the electric vehicle charging solutions and system business acquired in August 2020 is encouraging and sustainable. For more details, please refer to the relevant announcements and circular dated 21 February 2020, 30 June 2020 and 4 August 2020, respectively.

FINANCIAL REVIEW

Revenue

We generate revenue from the provision of printing services in Hong Kong which are classified into (i) commercial printing services; (ii) financial printing services; and (iii) other services. Commercial printing services refer to printing services for our customers' needs of commercial paper printing products. Financial printing services range from designing the cover, layout and artwork of the document, typesetting, translation, uploading, printing, and/or distribution services for listing applicants in respect of listing on the Stock Exchange and listed companies on the Stock Exchange pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or the GEM Listing Rules. Other services primarily comprise of standalone ad hoc design and/or translation work ordered by corporate customers (which is not related to listing matters) on a case-by-case basis. The following table sets forth a breakdown of our revenue by service category for the periods indicated.

	Three months ended 30 June	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Commercial printing services	7,385	12,075
Financial printing services	9,292	7,755
Other services	173	604
	16,850	20,434



Our revenue decreased by approximately 17.2% from approximately HK\$20.4 million for the three months ended 30 June 2019 to approximately HK\$16.9 million for the three months ended 30 June 2020. As illustrated above, the reduction of revenue for the three months ended 30 June 2020 as compared to the corresponding period last year was mainly due to the decrease in revenue from commercial printing services by approximately HK\$4.7 million, resulting from the the reduction in the orders from customers for printing services resulting from the increasing concern on environmental protection, the popularity of digitalization of information, the rise of online marketing, social media and globalization.

Cost of services

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

Our cost of services decreased by approximately 16.9%, from approximately HK\$15.4 million for the three months ended 30 June 2019 to approximately HK\$12.8 million for the three months ended 30 June 2020.

Gross profit and gross profit margin

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

	Three months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	16,850	20,434
Cost of services	(12,767)	(15,350)
Gross profit	4,083	5,084
Gross profit margin	24.2%	24.9%

Our gross profit decreased by approximately 19.6%, from approximately HK\$5.1 million for the three months ended 30 June 2019 to approximately HK\$4.1 million for the three months ended 30 June 2020, primarily because the decrease in sales outweighed the decrease in overall cost of services. Our gross profit margin decreased slightly from approximately 24.9% for the three months ended 30 June 2019 to approximately 24.2% for the three months ended 30 June 2020, mainly attributable to the decrease in sales.

Other income

Our other income increased from approximately HK\$324,000 for the three months ended 30 June 2019 to approximately HK\$358,000 for the three months ended 30 June 2020, mainly resulting from the increase in sundry income.

Selling expenses

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

Our selling expenses decreased from approximately HK\$0.9 million for the three months ended 30 June 2019 to approximately HK\$0.5 million for the three months ended 30 June 2020. It was mainly attributable to decrease in sales commission.

Administrative and other operating expenses

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

Administrative expenses and other operating expenses increased by approximately 83.0%, from approximately HK\$5.3 million for the three months ended 30 June 2019 to approximately HK\$9.7 million for the three months ended 30 June 2020, mainly because of the expenses incurred for factory relocation in April 2020.

Finance costs

Our finance costs mainly represent interest on bank borrowings and finance charges on lease liabilities/obligations under finance leases. Finance costs increased by approximately 116.5%, from approximately HK\$158,000 for the three months ended 30 June 2019 to approximately HK\$342,000 for the three months ended 30 June 2020, mainly because of the new adoption of HKFRS 16 "Leases".

Income tax expenses

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

No provision has been made for income tax in the BVI as our Group had no income subject to tax in the BVI for the three months ended 30 June 2019 and 2020.

Hong Kong profits tax has been provided at the rate of 8.25% on first HK\$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the three months ended 30 June 2020. 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%. (three months ended 30 June 2019: 16.5%).

For the three months ended 30 June 2019 and 2020, we recorded an income tax expense of approximately HK\$0.1 million and income tax credit of approximately HK\$0.7 million respectively, the decrease was mainly due to the decrease to assessable profits as a result of the reduction of revenue from commercial printing service during the three months ended 30 June 2020.

Loss and total comprehensive loss for the periods

As a result of foregoing, the Group recorded a loss and total comprehensive loss of approximately HK\$5.3 million for the three months ended 30 June 2020 (30 June 2019: approximately HK\$0.9 million).

EVENTS AFTER REPORTING PERIOD

Following the approval by the shareholders at the extraordinary general meeting held on 23 July 2020 (the “EGM”) and the granting of the listing of and permission to deal in the consideration shares by the listing committee of the Stock Exchange, all conditions to the sale and purchase agreement have been fulfilled and the completion of the discloseable and connected transaction in relation to the acquisition of the entire issued share capital and the shareholder’s loan of Cornerstone EV Charging Service Limited (the “Target Company”) involving the issue of consideration shares under the specific mandate (the “Acquisition”) has taken place on 4 August 2020. As a result of the completion of the Acquisition, the Target Company became an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated with those of the Group.

Details of the Acquisition can be referred to the announcement of the Company dated 21 February 2020, the announcement of poll results of the EGM dated 23 July 2020 and the circular of the Company dated 30 June 2020.

Save as disclosed above, as from 30 June 2020 to the date of this report, the Board is not aware of any events that have occurred which require disclosure.

USE OF PROCEEDS

The net proceeds from the initial public offering of the Company on 11 May 2018, 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").

Up to 30 June 2020, the Group had used the Net Proceeds in accordance with the intended use of proceeds as set out in prospectus dated 30 April 2018 (the "Prospectus") as follows:

	Original allocation of Net Proceeds		Utilisation up to 30 June 2020	Remaining balance of unused Net Proceeds as at 30 June 2020
	<i>HK\$'000</i>	<i>% of Net Proceeds</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
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%	1,018	1,482
	41,000	100%	2,518	38,482

During the three months ended 30 June 2020, the Group leased certain machineries under finance lease with a lease term of five years and settled approximately HK\$0.1 million. Further, During the three months ended 30 June 2020, the Group purchased some office equipment for approximately HK\$0.1 million. As at 30 June 2020, the utilized Net Proceeds were approximately HK\$2.5 million and the remaining proceeds as at 30 June 2020 were approximately HK\$38.5 million.

On 31 July 2020, the Board resolved to reallocate the amount of Net Proceeds which were unutilised. Details could be referred refer to the announcement of the Group dated 31 July 2020.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the three months ended 30 June 2020, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2020.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The corporate governance practice of the Group are based on the principles and the code provisions in the Corporate Governance Code (the “Code”) as set out in Appendix 15 to the GEM Listing Rules. During the three months ended 30 June 2020, the Company had complied with all the applicable code provisions of the Code.

On 23 July 2020, following the approval of the proposed amendments to the articles of association of the Company by the shareholders at the EGM, the redesignation and appointment of Mr. Wu Jianwei (“Mr. Wu”) and Mr. Liang Zihao (“Mr. Liang”) as the co-chairmen of the Board has become effective.

Code provision A.2.1 of the Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liang’s appointment as both the co-chairman and the chief executive office of the Company deviates from code provision A.2.1. The Board considers that appointing Mr. Liang as a new co-chairman will enable the Board to function more effectively when Mr. Wu is not available to attend the Board meeting in person. It is expected that, going forward, Mr. Wu will perform the other functions and responsibilities of the chairman under the Code. The Board believes that the balance of power and authority is adequately ensured by its operations and governance which comprises experienced and high calibre individuals, with half of them being independent non-executive Directors.

Following the appointment, Mr. Liang, who is mainly responsible for providing overall leadership in the Group, formulating corporate strategy, planning and business development as well as operations and management of the Group and making day-to-day operational and managerial decisions, will continue working closely with Mr. Wu who is responsible for providing the overall strategic development of the business of the Group. Mr. Wu has confirmed that he will continue to be the responsible person providing overall leadership in the strategic development of the business of the Group and overseeing the management of the Board and will remain fully committed to the Group. The Board expects the collaboration between Mr. Wu and Mr. Liang will help the Group to move forward with more growth potential.

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 during the three months ended 30 June 2020.

SHARE OPTION SCHEME

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

No share option has been granted or exercised under the Scheme during the three months ended 30 June 2020. No share option was outstanding as at 30 June 2020.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

Neither of the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Listing Date to 30 June 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 30 June 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Capacity	Number of shares or underlying shares held			Percentage of issued share capital
		Ordinary shares	Share options	Total	
Mr. Wu Jianwei	Interest of controlled corporation	223,778,000	—	223,778,000	50.86%
Mr. Liang Zihao	Interest of controlled corporation	223,778,000	—	223,778,000	50.86%

Note:

- 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.
- 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 corporations**

Name of Directors	Name of associated corporation	Capacity	Number of share(s) held	Percentage of issued share capital
Mr. Wu Jianwei	Global Fortune	Beneficial owner	51	51%
Mr. Liang Zihao	Global Fortune	Beneficial owner	49	49%

Notes:

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

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 30 June 2020, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 June 2020, the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executives of the Company) in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein, were as follows:

Name of substantial shareholder	Long/short position	Capacity	Number of shares held	Percentage of issued share capital
Global Fortune	Long position	Beneficial owner	223,778,000	50.86%
Glorytwin Limited ("Glorytwin")	Long position	Beneficial owner	94,200,000	21.41%
Colorful Bay Limited ("Colorful Bay")	Long position	Deemed interest, Interest in controlled corporation	94,200,000	21.41%

Note:

- 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.
- 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 Wing Keung ("Mr. So"). Therefore by virtue of the SFO, Mr. So is deemed to have the interest owned by Colorful Bay.

Save as disclosed above, as at 30 June 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.

INTERESTS IN COMPETING BUSINESS

For the three months ended 30 June 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, 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 30 June 2020.

INTERESTS OF COMPLIANCE ADVISER

As confirmed by the compliance adviser of the Company, Dakin Capital Limited (“Dakin”), as at 30 June 2020, neither Dakin nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established the Audit Committee on 19 April 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3 of the Code. The principal duties of the Audit Committee are to review and to supervise the financial reporting process and internal control systems of the Group, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. The Audit Committee comprises of three independent non-executive Directors, namely Mr. Yuen Chun Fai (chairman of the Audit Committee), Mr. Tam Ka Hei Raymond and Ms. Zhu Xiaohui.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2020 and is of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosures have been made in respect thereof.

By order of the Board
**Elegance Commercial and Financial
Printing Group Limited**
LIANG Zihao
Co-Chairman and Executive Director

Hong Kong, 10 August 2020

As at the date of this report, the executive Directors are Mr. LIANG Zihao and Mr. SAM WENG WA Michael, the non-executive Director is Mr. WU Jianwei and the independent non-executive Directors are Mr. TAM Ka Hei Raymond, Mr. YUEN Chun Fai and Ms. ZHU Xiaohui.