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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)

DISCLOSEABLE TRANSACTION
IN RELATION TO THE TENANCY AGREEMENT

On 28 February 2020, the Company as tenant entered into the Tenancy Agreement with the Landlord (an Independent Third Party) for the purpose of the tenancy of the Premises, where the Group's in-house printing production factory is located.

GEM LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Company will recognize a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Accordingly, the lease transaction under the Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purposes of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Tenancy Agreement exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

A. INTRODUCTION

On 28 February 2020, the Company as tenant entered into the Tenancy agreement with the Landlord (an Independent Third Party) for the purpose of the tenancy of the Premises, where the Group's head sourcing office and sample rooms are located.

B. KEY TERMS OF THE TENANCY AGREEMENT

Date: 28 February 2020

Parties: (1) the Company; and
(2) the Landlord, a limited liability company whose registered office is in Hong Kong, principally engaged in property development and property investment.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) are Independent Third Parties.

Term: 3 years commenced from 17 February 2020 to 16 February 2023 (both days inclusive).

Premises: Workshops 1-26 on 7th Floor, Oceanic Industrial Centre, No. 2 Lee Lok Street, Hong Kong.

Rent: The rent shall be HK\$337,600 per calendar month (exclusive of management fees, government rates and all outgoings).

Under the Tenancy Agreement, the Company shall enjoy a rent free period from (i) 17 February 2020 to 16 April 2020 and (ii) from 3 February 2023 to 16 February 2023.

Management fee: Management fee shall be HK\$63,833 per calendar month payable in advance on the first day of each and every calendar month and shall be subject to adjustment from time to time.

Security deposit: A sum of HK\$1,388,699 in aggregate of three months' monthly rent and management fee, fitting out deposit and water meter deposit.

Total aggregate value of consideration payable: HK\$13,623,923 in aggregate for the term of three years (inclusive of rent and management fee).

C. INFORMATION OF THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on GEM of the Stock Exchange (stock code: 8391). The principal activity of the Company is investment holding. The principal activities of the Group are the provision of printing services. It provides commercial printing and financial printing services. In addition, the Group also provides standalone ad hoc design and artwork, and translation services to corporate customers.

D. REASONS AND BENEFITS FOR THE TENANCY AGREEMENT

The Group is primarily engaged in provision of commercial printing and financial printing services in Hong Kong. In view of the expiration of the tenancy agreement of our in-house printing production factory, the Group has to enter into the new tenancy agreement to continue our printing operations.

The terms (including the rent and management fee) of the Tenancy Agreement were determined after arm's length negotiations between the parties and with reference to the prevailing market rent of comparable properties in the vicinity of the Premises and the rental payment made by the Group. The Directors consider that the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

E. IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16 "Leases", the Company will recognize a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. Accordingly, the lease transaction under the Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purposes of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Tenancy Agreement exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

The Company acknowledges that (i) the Group as lessee, has expressed its willingness to accept the terms of the tenancy agreement around January 2020, without formal notification from the Landlord, as lessor, that the tenancy agreement has been executed on 28 February; (ii) the Group was unable to obtain the final executed version of the tenancy agreement, until the Group independently obtain it by ordering a land search; and (iii) the Group, as soon as practicable after realizing the tenancy agreement has been executed, publish this announcement as required under Chapter 19 of the GEM Listing Rules.

F. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Company”/“Tenant”	Elegance Commercial and Financial Printing Group Limited, an exempted company incorporated with limited liability in the Cayman Islands and, the shares of which are listed on GEM of the Stock Exchange (Stock code: 8391)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons
“Landlord”	Zeta Estates Limited, a company incorporated in Hong Kong with limited liability
“Premises”	Workshops 1-26 on 7th Floor, Oceanic Industrial Centre, No. 2 Lee Lok Street, Hong Kong.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between the Tenant and the Landlord on 28 February 2020 in respect of the Premises

By order of the Board

Elegance Commercial and Financial Printing Group Limited

Liang Zihao

Chief Executive Officer and Executive Director

Hong Kong, 17 April 2020

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days after the date of publication and on the Company’s website at www.elegance.hk.