



E Lighting Group Holdings Limited
壹照明集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8222

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2018

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(THE “STOCK EXCHANGE”)

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

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2018:

- Revenue was approximately HK\$81,725,000 for the year ended 31 March 2018, representing a decrease of approximately 1.8% as compared with that of the preceding year, which was mainly due to uncertainty in macro business environment.
- The Group recorded a loss of approximately HK\$27,413,000 for the year ended 31 March 2018.
- Loss per share was approximately HK6.08 cents for the year ended 31 March 2018.
- The board of Directors does not recommend the payment of final dividend for the year ended 31 March 2018.

ANNUAL RESULTS

The board of Directors (the “Board”) of the Company announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2018, together with the comparative figures for the preceding year ended 31 March 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Revenue	5	81,725	83,237
Cost of sales		<u>(41,647)</u>	<u>(38,773)</u>
Gross profit		40,078	44,464
Other income, gains and losses	6	(17,125)	(1,516)
Selling and distribution expenses		(33,584)	(36,848)
Administrative and other expenses		(17,028)	(18,546)
Finance costs	7	<u>-</u>	<u>(4)</u>
Loss before tax	7	(27,659)	(12,450)
Income tax credit	9	<u>246</u>	<u>9</u>
Loss and total comprehensive income for the year attributable to the owners of the Company		<u>(27,413)</u>	<u>(12,441)</u>
Loss per share	11		
- Basic and diluted (HK cents)		<u>(6.08)</u>	<u>(2.88)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Property, plant and equipment		1,255	1,353
Intangible assets		3,485	5,093
Goodwill	12	19,817	36,906
Rental deposits	13	3,769	3,175
Deferred tax assets		346	328
		<u>28,672</u>	<u>46,855</u>
Total non-current assets			
Current assets			
Inventories		12,433	14,101
Trade and other receivables	13	7,153	10,175
Tax recoverable		367	229
Cash and bank balances		4,936	13,042
		<u>24,889</u>	<u>37,547</u>
Total current assets			
Current liabilities			
Trade and other payables	14	7,069	10,180
Current tax liabilities		124	171
		<u>7,193</u>	<u>10,351</u>
Total current liabilities			
Net current assets		<u>17,696</u>	<u>27,196</u>
Total assets less current liabilities		<u>46,368</u>	<u>74,051</u>
Non-current liabilities			
Deferred tax liabilities		585	855
		<u>585</u>	<u>855</u>
NET ASSETS		<u>45,783</u>	<u>73,196</u>
EQUITY			
Share capital	15	4,510	4,510
Reserves		41,273	68,686
		<u>45,783</u>	<u>73,196</u>
TOTAL EQUITY		<u>45,783</u>	<u>73,196</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total equity HK\$'000
As at 1 April 2016	4,196	56,044	2	4,454	14,059	78,755
Issue of convertible bonds	-	-	-	6,296	-	6,296
Issue of shares upon conversion of convertible bonds (note 15)	314	11,022	-	(10,750)	-	586
Loss and total comprehensive income for the year	-	-	-	-	(12,441)	(12,441)
As at 31 March 2017	<u>4,510</u>	<u>67,066</u>	<u>2</u>	<u>-</u>	<u>1,618</u>	<u>73,196</u>
As at 1 April 2017	4,510	67,066	2	-	1,618	73,196
Loss and total comprehensive income for the year	-	-	-	-	(27,413)	(27,413)
As at 31 March 2018	<u>4,510</u>	<u>67,066</u>	<u>2</u>	<u>-</u>	<u>(25,795)</u>	<u>45,783</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

E Lighting Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 29 November 2013 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and its principal place of business in Hong Kong is 26/F, Tiffan Tower, 199 Wanchai Road, Wanchai, Hong Kong.

The Company’s issued shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 29 September 2014 (the “Listing”).

The Company’s principal activity is investment holding while the Group is principally engaged in retail chain business in lighting, designer label furniture and household products in Hong Kong and wholesale of tableware and giftware worldwide.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. 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 (the “GEM Listings Rules”).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

The preparation of consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgements in the process of applying the Group’s accounting policies.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is the same as the functional currency of the Company. These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated.

3. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs – Effective 1 April 2017

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above-mentioned amendments did not result in any substantial changes to the Group's significant accounting policies and presentation of the consolidated financial statements.

The Group has not applied any new/revised HKFRSs that is not yet effective for the current accounting period.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) - Int 23	Uncertainty Over Income Tax Treatments ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹

¹Effective for annual periods beginning on or after 1 January 2018

²Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application.

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting, in accordance with the Group's internal organisation and reporting structure, provided to the chief operating decision-maker to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Lighting and furniture products – retail of lighting products and household furniture in Hong Kong
Tableware and giftware products – retail and wholesale of tableware and giftware and its related products

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

4. SEGMENT INFORMATION (Continued)

(a) Business segment

For the year ended 31 March 2018

	Lighting and furniture products HK\$'000	Tableware and giftware products HK\$'000	Total HK\$'000
Revenue from external customers	<u>71,040</u>	<u>10,685</u>	<u>81,725</u>
Reportable segment result	<u>6,581</u>	<u>(123)</u>	<u>6,458</u>
Other segment information:			
Interest income	5	1	6
Depreciation of property, plant and equipment	1,015	37	1,052
Additions to non-current assets	1,133	-	1,133
Loss on disposal of property, plant and equipment	<u>179</u>	<u>-</u>	<u>179</u>

For the year ended 31 March 2017

	Lighting and furniture products HK\$'000	Tableware and giftware products HK\$'000	Total HK\$'000
Revenue from external customers	<u>73,923</u>	<u>9,314</u>	<u>83,237</u>
Reportable segment result	<u>5,209</u>	<u>2,487</u>	<u>7,696</u>
Other segment information:			
Interest income	33	-	33
Depreciation of property, plant and equipment	1,592	36	1,628
Additions to non-current assets	218	2	220
Loss on disposal of property, plant and equipment	<u>5</u>	<u>-</u>	<u>5</u>

4. SEGMENT INFORMATION (Continued)

(b) Reconciliation of reportable segment results

	2018 HK\$'000	2017 HK\$'000
Reportable segment result	6,458	7,696
Other gains or losses – impairment loss on goodwill	(17,089)	-
Other gains or losses – loss on change in fair value of financial liabilities at fair value through profit or loss	-	(1,596)
Unallocated corporate expenses (note)	(17,028)	(18,546)
Finance costs	-	(4)
Consolidated loss before tax	<u>(27,659)</u>	<u>(12,450)</u>

Note : The unallocated corporate expenses mainly consist of rentals for office premises and warehousing facilities, staff costs (including salaries to administrative staff and emoluments to directors) and professional expenses.

(c) Segment assets and liabilities

	2018 HK\$'000	2017 HK\$'000
Assets		
Lighting and furniture products	26,362	38,282
Tableware and giftware products	3,897	4,121
Segment assets	<u>30,259</u>	<u>42,403</u>
Intangible assets	3,485	5,093
Goodwill	19,817	36,906
Consolidated total assets	<u>53,561</u>	<u>84,402</u>
Liabilities		
Lighting and furniture products	6,876	10,206
Tableware and giftware products	327	160
Segment liabilities	<u>7,203</u>	<u>10,366</u>
Unallocated deferred tax liabilities	575	840
Consolidated total liabilities	<u>7,778</u>	<u>11,206</u>

4. SEGMENT INFORMATION (Continued)

(d) Geographic information

The following table provides an analysis of the Group's revenue from external customers:

	2018 HK\$'000	2017 HK\$'000
Hong Kong (place of domicile)	73,384	76,740
North America	2,258	197
PRC (excluding Hong Kong)	600	4,779
Vietnam	5,483	-
Other countries	-	1,521
	81,725	83,237

(e) Information about major customers

The Group had no customer for whom the revenue raised individually accounted for more than 10% of the Group's total revenue during the year ended 31 March 2018 (2017: Nil).

5. REVENUE

	2018 HK\$'000	2017 HK\$'000
Sales of lighting and furniture products	71,040	73,923
Sales of tableware and giftware products	10,685	9,314
	81,725	83,237

6. OTHER INCOME, GAINS AND LOSSES

	2018 HK\$'000	2017 HK\$'000
Bank interest income	6	33
Impairment loss on goodwill	(17,089)	-
Loss on change in fair value of financial liabilities at fair value through profit or loss	-	(1,596)
Loss on disposal of property, plant and equipment	(179)	(5)
Others	137	52
	(17,125)	(1,516)

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2018 HK\$'000	2017 HK\$'000
Auditor's remuneration	746	782
Costs of inventories recognised as expenses	32,278	34,692
Depreciation of property, plant and equipment	1,052	1,628
Amortisation of other intangible assets (included in administrative expenses)	1,608	1,608
Lease payments under operating leases:		
Minimum lease payments	18,754	20,929
Contingent rent	177	288
	18,931	21,217
Employee costs (note 8)	16,953	18,191
Finance costs		
- interest on convertible bonds	-	4
	<u> </u>	<u> </u>

8. EMPLOYEE COSTS

	2018 HK\$'000	2017 HK\$'000
Employee costs (including directors) comprise:		
Salaries and other benefits	16,297	17,476
Contributions to defined contribution retirement plans	656	715
	<u>16,953</u>	<u>18,191</u>

9. INCOME TAX CREDIT

The amount of income tax credit in the consolidated statements of profit or loss and other comprehensive income represents:

	2018 HK\$'000	2017 HK\$'000
Current tax – Hong Kong Profits Tax		
- charge for the year	(43)	(356)
- over-provision in respect of prior year	1	88
	(42)	(268)
Deferred tax		
- credit for the year	288	277
Income tax credit	<u>246</u>	<u>9</u>

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

10. DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 March 2018, nor has any dividend been proposed since the end of reporting period (2017: Nil).

11. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owner of the Company is based on the following data:

	2018 HK\$'000	2017 HK\$'000
Loss:		
Loss for the year for the purpose of calculating basic and diluted loss per share	<u>(27,413)</u>	<u>(12,441)</u>
	2018 '000	2017 '000
Number of shares:		
Weighted average number of shares for the purpose of calculating basic and diluted loss per share	<u>451,036</u>	<u>432,146</u>

Notes:

- (i) Basic loss per share was calculated by dividing the loss attributable to the owner of the Company by the weighted average number of ordinary shares in issue during the year.
- (ii) For the year ended 31 March 2018, diluted loss per share was the same as basic loss per share as there were no dilutive potential ordinary shares outstanding during the year ended 31 March 2018.

For the year ended 31 March 2017, diluted loss per share was the same as basic loss per share as the effect of the convertible bonds were anti-dilutive.

12. GOODWILL

	HK\$'000
Cost	
As at 1 April 2016, 31 March 2017 and 31 March 2018	<u>36,906</u>
Accumulated impairment losses	
As at 1 April 2016 and 31 March 2017	-
Impairment loss recognised in the year	<u>17,089</u>
As at 31 March 2018	<u>17,089</u>
Net book value	
As at 31 March 2017	<u>36,906</u>
As at 31 March 2018	<u>19,817</u>

Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to cash generating unit (“CGU”) of sales of tableware and giftware products. The recoverable amounts of the CGU have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period and adopted pre-tax discount rate of 21.6% (2017: 21.8%). Cash flow beyond the five-year period is extrapolated using an estimated weighted average growth rate of 3% (2017: 3%), which does not exceed the long-term growth rate for the industry. The key assumptions for the value in use calculations are budgeted gross margin of 26% to 28% (2017: 34% to 43%) and growth rate of 3% to 32% (2017: 3% to 50%), which are determined based on the unit’s past performance and management’s expectations regarding market development. The discount rate is determined based on the Hong Kong risk-free interest rate adjusted by the specific risk associated with the CGU.

Goodwill impairment of HK\$17,089,000 (2017: Nil) was made due to the recently intensively competitive environment within which the CGU operates, as a result of macro business environment uncertainty. Management have therefore adjusted their expected profit forecast for the CGU to allow for the impact of material competitiveness in the market.

13. TRADE AND OTHER RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Trade receivables	770	1,006
Deposits and other receivables	6,347	8,007
Prepayments	3,805	4,337
Total	<u>10,922</u>	<u>13,350</u>
Less: non-current – rental deposits	<u>(3,769)</u>	<u>(3,175)</u>
	<u>7,153</u>	<u>10,175</u>

The average credit period on sales of goods is 30 days from invoice date. Aging analysis of the trade receivables, based on invoice dates, are as follows:

	2018 HK\$'000	2017 HK\$'000
Within 30 days	323	656
31 to 90 days	173	151
91 to 180 days	144	136
Over 180 days	130	63
	<u>770</u>	<u>1,006</u>

14. TRADE AND OTHER PAYABLES

	2018 HK\$'000	2017 HK\$'000
Trade payables	4,029	5,690
Receipt in advance	768	897
Accruals and other payables	2,272	3,593
	<u>7,069</u>	<u>10,180</u>

Trade payables are non-interest bearing. The Group is normally granted credit terms ranging from 30 to 180 days. Aging analysis of the trade payables, based on invoice dates, are as follows:

	2018 HK\$'000	2017 HK\$'000
Within 30 days	1,693	1,704
31 to 60 days	334	622
61 to 90 days	467	304
Over 90 days	1,535	3,060
	<u>4,029</u>	<u>5,690</u>

15. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each as at 1 April 2016, 31 March 2017 and 31 March 2018	1,000,000,000	10,000
Issued and fully paid:		
As at 1 April 2016	419,596,428	4,196
Issue of shares upon conversion of convertible bonds (note)	31,439,285	314
As at 31 March 2017 and 31 March 2018	<u>451,035,713</u>	<u>4,510</u>

Note:

On 4 May 2016, convertible bonds with an aggregate principal amount of HK\$9,620,245 were converted into 13,743,207 ordinary shares of HK\$0.01 each at the conversion price of HK\$0.7 per share.

On 31 March 2017, convertible bonds with an aggregate principal amount of HK\$12,387,255 were converted into 17,696,078 ordinary shares of HK\$0.01 each at the conversion price of HK\$0.7 per share.

All new shares issued rank pari passu in all respects with the then existing shares.

16. LEASES

Operating leases – As lessee

The Group leases various offices, retail shops and warehouses under non-cancellable lease agreements. The lease agreements are between one and three years, and majority of lease arrangements are renewable at the end of the lease period with either pre-set increment rate or market rate to be agreed with landlords.

The operating leases of certain retail shops also call for additional rentals, which will be based on a certain percentage of revenue of the operation being undertaken therein pursuant to the terms and conditions as stipulated in the respective rental agreements. As the future revenue of these retail shops could not be accurately determined as at the end of the year, the relevant contingent rentals have not been included.

The future aggregate minimum lease payments under non-cancellable operating leases in respect of offices, retail shops and warehouses are as follows:

	2018 HKS'000	2017 HKS'000
Not later than one year	13,023	14,954
Later than one year and not later than five years	9,466	4,116
	<u>22,489</u>	<u>19,070</u>

17. RELATED PARTY TRANSACTIONS

Other than those balances of related party as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties during the year ended 31 March 2018 and 2017.

Compensation of key management personnel

Key management includes directors and senior managements. The compensation paid or payable to key management personnel for employee services is shown below:

	2018 HKS'000	2017 HKS'000
Salaries and other benefits	4,403	4,799
Contributions to defined contribution retirement plans	126	144
	<u>4,529</u>	<u>4,943</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Outlook

Business Review

Retail chain business in lighting and designer label furniture

Retail chain business in lighting and designer label furniture is the core business of the Group. Being one of the most established retail chain group of lighting products in Hong Kong, E Lighting possesses rich experience in the sale of quality lighting and designer label furniture products from all over the world. During the year ended 31 March 2018 (the “Financial Year”), E Lighting was cautious in its retail network development due to the sluggish retail environment and has concentrated on the consolidation of its retail network and optimisation of the product mix.

In August and October 2017, E Lighting has successfully opened two new retail stores, including “E Lighting” at Megabox, Kowloon Bay and “E Lighting” at 8½, Tsuen Wan, in order to capture the opportunities of development. The launch of the new shops are expected to further increase the market share of E Lighting.

During the Financial Year, revenue of the retail chain business in lighting and designer label furniture was approximately HK\$71,040,000, accounted for approximately 86.9% of the Group’s revenue.

Business in tableware and giftware

Business in tableware and giftware was new business acquired in June 2015, which has expanded the Group’s business portfolio, and broadened its source of income and generated additional cash flows. During the Financial Year, revenue of the business in tableware and giftware was approximately HK\$10,685,000, accounted for approximately 13.1% of the Group’s revenue.

Future Outlook

With reference to the monthly figures released by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (the “Government”), the value of total retail sales stopped decreasing in March 2017, after decreasing for 24 consecutive months. It continued to grow for 14 consecutive months from March 2017 to April 2018 over the previous year and the retail sales sustained double-digit growth over a year earlier in April 2018, underpinned by strong local consumer spending as well as buoyant inbound tourism. Different broad types of retail outlet registered varying degrees of increase in the value of sales. Moreover, the prevailing favourable job and income conditions should render a solid support to local consumer sentiment.

The residential property market in Hong Kong remains an underlying strong demand, the Government announces certain measures to expedite and increase housing supply to meet with demands. In the 2018/19 budget, the Government forecasted for the land resources and housing supply in Hong Kong. The Government estimated that the production of public housing will be about 100,000 units in the next five years, of which 75,000 units will be public rental housing flats and 25,000 units will be subsidised sale flats. The Government estimated that the supply of first-hand private residential property will be about 97,000 units in the next 3 to 4 years. The Government also estimated that the production of private residential housing will be about 20,800 units on average in the next five years, which is up by 50% over the past five years. At the same time, the Government has established a team of “The Task Force on Land Supply”, to conduct public participation activities in the mid of 2018 to gauge public views on land supply options. Also, it aims to adopt a multi-pronged strategy to increase land supply in a steady and sustained manner.

Business Review and Future Outlook (Continued)

Future Outlook (Continued)

Therefore, the Directors foresee that the Hong Kong retail market remains challenging in 2018, but expect the retail market may gradually recover from the challenging economic outlook. The Group will continue to concentrate on the consolidation of its retail network, optimisation of product-mix and intensification of cost control, and will also continue to seize opportunities to stabilise growth through cautious strategic planning.

Looking forward, the Group expects the Government's effort to step up supply of residential units in Hong Kong will drive demand for lighting and household products. Therefore, E Lighting is afforded with new opportunities in its various lines of business. The Group will strive to maintain a streamlined business operation, while catering for consumers' specific needs and being responsive to market changes. Leveraging the support of the capital market, its own strengths, and the global trends of saving energy, protecting the environment and pursuing a higher quality of life, the Group is cautiously confident of its development in the future. The Group will strive to maintain steady growth and to maximise returns for the investors.

Financial Review

Revenue

During the Financial Year, the Group's revenue was approximately HK\$81,725,000, representing a decrease of approximately 1.8% from approximately HK\$83,237,000 as compared with that of the preceding year, which was mainly due to uncertainty in macro business environment.

During the Financial Year, revenue of the retail chain business in lighting and designer label furniture was approximately HK\$71,040,000, representing a decrease of approximately 3.9% from approximately HK\$73,923,000 as compared with that of the preceding year.

During the Financial Year, revenue of the business in tableware and giftware was approximately HK\$10,685,000, representing an increase of approximately 14.7% from approximately HK\$9,314,000 as compared with that of the preceding year.

Gross Profit and Gross Profit Margin

During the Financial Year, the Group's gross profit was approximately HK\$40,078,000, representing a decrease of approximately 9.9% from approximately HK\$44,464,000 as compared with that of the preceding year. The decrease was primarily due to decrease in sales and gross profit margin. During the Financial Year, the Group's overall gross profit margin was approximately 49.0%.

Selling and Distribution Expenses

During the Financial Year, the Group's selling and distribution expenses was approximately HK\$33,584,000, representing a decrease of approximately 8.9% from approximately HK\$36,848,000 as compared with that of the preceding year. Selling and distribution expenses primarily consists of rentals for retail outlets and related expenses, staff costs (including salaries and sales commission to salespersons), electronic payment charges and depreciation. The decrease was primarily due to decrease in rental expenses and decrease in staff costs arising from reduction of headcount.

Financial Review (Continued)

Administrative and Other Expenses

During the Financial Year, the Group's administrative and other expenses was approximately HK\$17,028,000, representing a decrease of approximately 8.2% from approximately HK\$18,546,000 as compared with that of the preceding year. Administrative and other expenses primarily consists of rentals for office premises and warehousing facilities, staff costs (including salaries to administrative staff and emoluments to Directors) and professional expenses. The decrease was primarily due to decrease in staff bonuses and professional expenses.

Loss for the Year

The Group recorded a loss of approximately HK\$27,413,000 during the Financial Year (2017: loss of approximately HK\$12,441,000).

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

Save as otherwise disclosed, there were neither significant investments held as at 31 March 2018 nor material acquisitions and disposals of subsidiaries during the Financial Year.

Save as otherwise disclosed, there is no plan for material investments or capital assets as at the date of this announcement.

Liquidity and Financial Resources

As at 31 March 2018, the Group had cash and bank balances of approximately HK\$4,936,000 (2017: HK\$13,042,000). The gearing ratio of the Group, calculated as total bank borrowings over total equity, was nil as at 31 March 2018 (2017: Nil), as the Group financed the operations from internally generated funds and had no bank borrowings as at 31 March 2018 (2017: Nil).

The Group obtained trade finance facilities up to HK\$15,000,000 from a major bank in Hong Kong. The usage of trade finance facilities was subjected to the fixed deposit charged by the Company. As at 31 March 2018, the Group had not utilised any of the above trade finance facilities (2017: Nil).

The Group closely monitors the cash flow position to ensure that the Group has sufficient working capital available to fulfill its operational requirement. The Group takes into account the trade receivables, trade payables, cash and bank balances, administrative and capital expenditures to prepare cash flow forecast to forecast the Group's future liquidity.

Capital Structure

The capital of the Group comprises only ordinary shares. As at 31 March 2018, there were 451,035,713 ordinary shares in issue.

Total equity attributable to the owners of the Company amounted to approximately HK\$45,783,000 as at 31 March 2018 (2017: HK\$73,196,000).

Contingent Liabilities

As at 31 March 2018, saved as otherwise disclosed, the Group did not have any material contingent liabilities (2017: Nil).

Foreign Currency Risk

The Group undertakes certain purchase transactions denominated in Hong Kong dollar, Euro, United States dollar and Renminbi, hence exposure to exchange rate fluctuations arises. We are mainly exposed to foreign exchange fluctuation of the Euro and Renminbi against Hong Kong dollar, as Hong Kong dollar is pegged to United States dollar. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. The Directors are of the view that the transactional exposure of the Group in currencies other than the functional currencies is maintained at an acceptable level.

Charges on Group Assets

As at 31 March 2018, there was no charges on the Group's assets (2017: Nil).

Capital Commitments

As at 31 March 2018, the Group did not have any significant capital commitments (2017: Nil).

Dividend

The Board does not recommend the payment of any dividend for the year ended 31 March 2018 (2017: Nil).

Employee Information

Total remuneration of the Group for the Financial Year (including (i) Directors' emoluments, (ii) salaries to staff and (iii) MPF contributions) was approximately HK\$16,953,000 (2017: HK\$18,191,000). Such decrease was mainly due to the decrease in average number of staff during the Financial Year.

As at 31 March 2018, the Group had 50 employees (2017: 56 employees).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code"). To the best knowledge of the Board, the Company has complied with the code provisions in the CG Code during the Financial Year.

Directors' Securities Transactions

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with the required standard of dealings as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). The Company has made specific enquiries with all Directors and the Directors confirmed that they have complied with the Required Standard of Dealings and the code of conduct for dealing in securities of the Company during the Financial Year.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the Financial Year.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations

As at 31 March 2018, the interests and short positions of the Directors and the chief executives of the Company (the "Chief Executives") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings were as follows:

Long positions in ordinary shares of the Company

Name	Capacity/Nature of interests	Number of securities	Approximate percentage of shareholding
Mr. Hui Kwok Keung Raymond	Interest in controlling corporation	210,000,000 (Note 1)	46.56%
Mr. Hue Kwok Chiu	Interest in controlling corporation	45,000,000 (Note 2)	9.98%

Notes:

- (1) These shares are held by Time Prestige Ventures Limited, a company wholly-owned by Mr. Hui Kwok Keung Raymond.
- (2) These shares are held by Star Adventure Holdings Limited, a company wholly-owned by Mr. Hue Kwok Chiu.

Save as disclosed above, as at 31 March 2018, none of the Directors or the Chief Executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 March 2018, to the best of the knowledge of the Directors and the Chief Executives and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interests and short positions of the persons or corporations (other than the Directors and the Chief Executives) in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Capacity/Nature of interests	Number of securities	Approximate percentage of shareholding
Time Prestige Ventures Limited	Beneficial Owner	210,000,000	46.56%
Star Adventure Holdings Limited	Beneficial Owner	45,000,000	9.98%
Ms. Ng Hiu Ying (Note 1)	Interest of spouse	45,000,000	9.98%

Note:

(1) Ms. Ng Hiu Ying is the spouse of Mr. Hue Kwok Chiu. Under the SFO, Ms. Ng Hiu Ying is deemed to be interested in the same number of shares in which Mr. Hue Kwok Chiu is interested.

Save as disclosed above, as at 31 March 2018, there was no person or corporation (other than the Directors and the Chief Executives) who had any interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

The purpose of the share option scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group (the "Eligible Participants") and to promote the success of the business of the Group.

The Company conditionally adopted a share option scheme (the "Scheme") on 11 September 2014 whereby the Board is authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to the Eligible Participants to subscribe for the shares of the Company. The Scheme will be valid and effective for a period of ten years commencing from the date of adoption of the Scheme.

As at 31 March 2018, the total number of shares available for issue under the Scheme is 40,000,000 shares, representing approximately 8.87% of the total number of issued shares of the Company. Since the adoption of the Scheme, no share option has been granted by the Company.

Rights to Acquire Shares or Debentures

Save as disclosed above, at no time during the Financial Year was the Company, or any of its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors and the Chief Executives (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Competing Interests

As at 31 March 2018, none of the Directors, the substantial shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Compliance Adviser's Interests

After the completion of the engagement of Ample Capital Limited as the compliance adviser of the Company in compliance with Rule 6A.19 of the GEM Listing Rules on 30 June 2017, the Company did not have compliance adviser.

Event after the Reporting Period

Save as otherwise disclosed, the Group does not have any material subsequent event after the reporting period and up to the date of this announcement.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established by the Board on 11 September 2014 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Leung Wai Chuen. The other members are Mr. Chung Wai Man and Ms. Yeung Mo Sheung Ann. The primary duties of the Audit Committee are mainly to oversee the relationship with the Company's external auditor, review the Company's financial information and oversee the Company's financial reporting system, risk management and internal control systems.

The Audit Committee had reviewed the consolidated results of the Group for the Financial Year with the management and is of the view that such 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.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required by the GEM Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.elighting.asia). The annual report of the Company for the year ended 31 March 2018 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By order of the Board
E Lighting Group Holdings Limited
壹照明集團控股有限公司
Hue Kwok Chiu
Chairman

Hong Kong, 20 June 2018

As at the date of this announcement, the executive Directors are Mr. Hue Kwok Chiu, Mr. Hui Kwok Keung Raymond and Mr. Hui Kwok Wing; the independent non-executive Directors are Mr. Chung Wai Man, Mr. Leung Wai Chuen and Ms. Yeung Mo Sheung Ann.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will also be published on the Company's website at www.elighting.asia.