



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

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2017**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (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 the 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 three months ended 30 June 2017:

- Revenue was approximately HK\$18,396,000 for the three months ended 30 June 2017, representing a decrease of approximately 10.5% as compared with that of the corresponding period in last year, which was mainly due to uncertainty in macro business environment.
- The Group recorded a loss of approximately HK\$1,883,000 during the three months ended 30 June 2017.
- Loss per share was approximately HK0.42 cents for the three months ended 30 June 2017.
- The board of Directors does not recommend the payment of any dividend for the three months ended 30 June 2017.

FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2017 (the “Reporting Period”), together with the comparative unaudited figures for the previous corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2017

		Three months ended 30 June	
	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	18,396	20,559
Cost of sales		<u>(7,989)</u>	<u>(8,953)</u>
Gross Profit		10,407	11,606
Other income and gain	4	3	375
Selling and distribution expenses		(8,569)	(10,141)
Administrative and other expenses		(4,096)	(4,744)
Finance costs	5	<u>-</u>	<u>(2)</u>
Loss before tax	5	(2,255)	(2,906)
Income tax credit	7	<u>372</u>	<u>540</u>
Loss and total comprehensive income for the period attributable to the owners of the Company		<u>(1,883)</u>	<u>(2,366)</u>
Loss per share			
- Basic and diluted (HK cents)	9	<u>(0.42)</u>	<u>(0.55)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2017

	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 (audited)	4,196	56,044	2	4,454	14,059	78,755
Issue of shares upon conversion of convertible bonds (note)	137	4,563	-	(4,454)	-	246
Loss and total comprehensive income for the period	-	-	-	-	(2,366)	(2,366)
As at 30 June 2016 (unaudited)	<u>4,333</u>	<u>60,607</u>	<u>2</u>	<u>-</u>	<u>11,693</u>	<u>76,635</u>
As at 1 April 2017 (audited)	4,510	67,066	2	-	1,618	73,196
Loss and total comprehensive income for the period	-	-	-	-	(1,883)	(1,883)
As at 30 June 2017 (unaudited)	<u>4,510</u>	<u>67,066</u>	<u>2</u>	<u>-</u>	<u>(265)</u>	<u>71,313</u>

Note:

On 4 May 2016, convertible bonds in the 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 the GEM of Stock Exchange since 29 September 2014.

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

The unaudited condensed consolidated financial statements of the Group for the Reporting Period have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2017 as set out in the 2017 Annual Report of the Company, which have been prepared in accordance with HKFRSs. The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2017.

In the current period, the HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective for the current accounting period of the Group. The Group has adopted all these new and revised HKFRSs and interpretations that are relevant to its operation. The adoption of these new and revised HKFRSs had no significant effects on the results of the Group for the current and prior periods.

The Group has not early adopted the new and revised HKFRSs that have been issued, but are not yet effective for the current period. The Group's current intention is to apply these changes on the date they become effective. The Group is in the process of assessing, where applicable, the potential impact of these new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the Group's results of operation.

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

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

The unaudited condensed consolidated financial statements have been reviewed by the Company's audit committee.

3. REVENUE

Three months ended 30 June	
2017	2016
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)
Sales of goods	
18,396	20,559

4. OTHER INCOME AND GAIN

Three months ended 30 June	
2017	2016
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)
Bank interest income	8
Gain on change in fair value of financial liabilities at fair value through profit or loss	
-	367
3	375

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

Three months ended 30 June	
2017	2016
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)
Auditor's remuneration	220
Costs of inventories recognised as expenses	8,016
Depreciation of property, plant and equipment	404
Amortisation of intangible assets	402
Lease payments under operating leases:	
Minimum lease payments	6,517
Contingent rent	69
5,459	6,586
21	69
5,480	6,586
Employee costs (note 6)	4,638
Finance costs	
- interest on convertible bonds	2

6. EMPLOYEE COSTS

	Three months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Employee costs (including directors) comprise:		
Salaries and other benefits	3,943	4,449
Contributions to defined contribution retirement plans	162	189
	<u>4,105</u>	<u>4,638</u>

7. INCOME TAX CREDIT

	Three months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Hong Kong Profits Tax	<u>372</u>	<u>540</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% based on the estimated assessable profits for each reporting period.

8. DIVIDEND

The Board does not recommend payment of any dividend for the three months ended 30 June 2017 (for the three months ended 30 June 2016: Nil).

9. LOSS PER SHARE

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

	Three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss:		
Loss for the period for the purpose of calculating basic and diluted loss per share	<u>(1,883)</u>	<u>(2,366)</u>
Number of shares:		
Weighted average number of shares for the purpose of calculating basic and diluted loss per share	<u>451,036</u>	<u>428,356</u>

Basic loss per share was calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

For the three months ended 30 June 2017, diluted loss per share was the same as basic loss per share as there were no dilutive potential ordinary shares outstanding during the three months ended 30 June 2017.

The calculation of diluted loss per share for the three months ended 30 June 2016 does not assume the dilutive potential ordinary shares from contingent consideration payables as the condition for issuance are not satisfied as at 30 June 2016.

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 Reporting Period, E Lighting was cautious in its retail network development due to the sluggish retail environment of Hong Kong and has concentrated on the consolidation of its retail network and optimisation of the product mix.

During the Reporting Period, revenue of the retail chain business in lighting and designer label furniture was approximately HK\$17,183,000, accounted for approximately 93.4% of the Group's revenue.

Business in tableware and giftware

Business in tableware and giftware was new business acquired for wholesale of tableware and giftware worldwide, which has expanded the Group's business portfolio, and broadened its source of income and generated additional cash flows. During the Reporting Period, revenue of the business in tableware and giftware was approximately HK\$1,213,000, accounted for approximately 6.6% 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 slightly for 4 consecutive months from March 2017 to June 2017 over the previous year, reflecting the local consumption demand stayed firm.

The underlying demand for residential properties is strong and measures have been announced in the 2017 Policy Address of the Government to expedite and increase housing supply to meet with demands. Moreover, the prevailing favourable job and income conditions should render a solid support to local consumer sentiment.

Therefore, the Directors foresee that the Hong Kong retail market remains challenging in 2017, but expect the retail market may gradual 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. In August 2017, a new retail store, "E Lighting" at Megabox, Kowloon Bay, was opened in order to capture the opportunities of development of Kowloon East. Apart from the new store in Megabox, the Group has further encountered a suitable retail store in Tsuen Wan and has already signed the tenancy agreement with the landlord in August 2017, and the design of the new retail store is under progress. The launch of the new shop is expected to be in mid-October 2017 and will further increase the market share of E Lighting.

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, our own strengths, and the global trends of saving energy, protecting the environment and pursuing a higher quality of life, the Group is cautiously confident about its development in the future. We will strive to maintain steady growth and to maximise returns for our investors.

Financial Review

Revenue

During the Reporting Period, the Group's revenue was approximately HK\$18,396,000, representing a decrease of approximately 10.5% from approximately HK\$20,559,000 as compared with that of the corresponding period in last year, which was mainly due to uncertainty in macro business environment.

During the Reporting Period, revenue of the retail chain business in lighting and designer label furniture was approximately HK\$17,183,000, representing a decrease of approximately 12.3% from approximately HK\$19,593,000 as compared with that of the corresponding period in last year.

During the Reporting Period, revenue of the business in tableware and giftware was approximately HK\$1,213,000, representing an increase of approximately 25.6% from approximately HK\$966,000 as compared with that of the corresponding period in last year.

Gross Profit and Gross Margin

During the Reporting Period, the Group's gross profit was approximately HK\$10,407,000, representing a decrease of approximately 10.3% from approximately HK\$11,606,000 as compared with that of the corresponding period in last year. The decrease was primarily due to decrease in sales. During the Reporting Period, the Group's overall gross profit margin was approximately 56.6%.

Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses was approximately HK\$8,569,000, representing a decrease of approximately 15.5% from approximately HK\$10,141,000 as compared with that of the corresponding period in last year. Selling and distribution expenses primarily consists of rentals for retail outlets and related expenses, staff costs (including salaries and sales commission to salesperson), electronic payment charges and depreciation. The decrease was primarily due to decrease in rental expenses for retail outlets and staff costs arising from reduction of headcount.

Administrative and Other Expenses

During the Reporting Period, the Group's administrative and other expenses was approximately HK\$4,096,000, representing a decrease of approximately 13.7% from approximately HK\$4,744,000 as compared with that of the corresponding period in last 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 rental expenses of warehouse and staff costs arising from reduction of headcount.

Loss for the Period

The Group recorded a loss of approximately HK\$1,883,000 during the Reporting Period (three months ended 30 June 2016: loss of approximately HK\$2,366,000).

Dividend

The Board does not recommend the payment of any dividend for the three months ended 30 June 2017 (three months ended 30 June 2016: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

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 (collectively, the "CG Code"). To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the Reporting Period.

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 Reporting Period.

Rights to Acquire Shares or Debentures

At no time during the Reporting Period 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 executive of the Company (the "Chief Executive") (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 any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")).

Competing Interests

As at 30 June 2017, 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.

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 listed securities during the Reporting Period.

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

As at 30 June 2017, the interests and short positions of the Directors and the Chief Executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 (Note 1)	Interest in controlling corporation	210,000,000	46.56%
Mr. Hue Kwok Chiu (Note 2)	Interest in controlling corporation	45,000,000	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 30 June 2017, none of the Directors or the Chief Executive 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 30 June 2017, to the best of the knowledge of the Directors and the Chief Executive 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 Executive) 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 30 June 2017, no person or corporation (other than the Directors and the Chief Executive) 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 Participant") and to promote the success of the business of the Group.

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

As at 30 June 2017, the total number of shares available for issue under the Share Option Scheme is 40,000,000 shares, representing approximately 8.87% of the issued shares of the Company. Since the adoption of the Share Option Scheme, no share option has been granted by the Company.

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.

Audit Committee

The audit committee of the Company (the “Audit Committee”) was established 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 unaudited consolidated results of the Group for the three months ended 30 June 2017 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 at the date of this announcement.

PUBLICATION OF FIRST QUARTERLY RESULTS AND FIRST QUARTERLY REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.elighting.asia). The first quarterly report of the Company for the three months ended 30 June 2017 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, 11 August 2017

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.