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E Lighting Group

E Lighting Group Holdings Limited

壹照明集團控股有限公司

(incorporated in Cayman Islands with limited liability)

(Stock Code: 8222)

**1) FURTHER ANNOUNCEMENT
IN RELATION TO DISCLOSEABLE TRANSACTION
FOR ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY
INVOLVING THE PROPOSED ISSUE OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE
AND
2) UNUSUAL PRICE AND TRADING VOLUME MOVEMENT**

1) FURTHER ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION

Reference is made to the announcement (the “**Announcement**”) dated 13 May 2015 of E Lighting Group Holdings Limited (the “**Company**”) in relation to the Acquisition involving the proposed issue of Convertible Bonds under General Mandate.

Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to provide the Shareholders with further information in relation to the principal assumptions, including commercial assumptions, upon which the report for the Valuation was based as set out below.

SPECIFIC ASSUMPTIONS

- Forecasted revenue from 1 April 2015 to 31 December 2019 (the “**Forecast Period**”) is with reference to the amounts stated in the non-binding letter of intent between the Target Group and its existing two customers who are the wholesalers and trading companies of tableware in the United States (the “**Letter of Intent**”) which covers forecasted revenue in the Forecast Period. As stated in the Letter of Intent, the aggregate of annual order size amounted to approximately HK\$14 million, HK\$35 million, HK\$54 million, HK\$62 million and HK\$71 million for 2015 to 2019 respectively and accounts for approximately 60% – 70% of the forecasted revenue in the Forecast Period. Currently over 90% of total revenue of the Target Group is contributed by the wholesale business and the management of the Target Group plans to focus on the wholesale business and maintain this ratio in the Forecast Period.
- The growth of revenue forecasts is approximately 160% in 2016, 50% in 2017 and 25% in 2018 and 2019. Forecasts of these rates are based on the Letter of Intent mentioned above and is also based on business plan of the Target Group which plans to expand customer base through different ways such as (i) marketing campaigns through set up booths in international fairs and exhibitions to attract potential customers; (ii) market trend research to monitor customers’ preference and to increase the competitiveness of the Target Group; (iii) e-commerce by setting up its online store to approach new customers and (iv) entering into new markets with good potential, including Asia Pacific and Europe in 2016 and 2017.
- The forecasted gross profit margin of the Target Group (the “**Forecasted Gross Profit Margin**”) for 2015 – 2019 is approximately 10%, 12%, 13%, 14% and 15% respectively. The Forecasted Gross Profit Margin for 2015 – 2019 is estimated based on the actual gross profit margin (approximately 10%) as at 31 March 2015. The management of the Target Group expect to enjoy the economics of scale when the order volume increases which can reduce the cost of goods sold per unit.
- The operating expenses of the Target Group mainly consist of salary and allowances and the rent and rates for operating the business. The salary and allowances are estimated based on the human resource required for the operations of the Target Group as determined with reference to its business plan. The rent and rates are estimated with reference to the tenancy agreement of the Target Group with the landlord and with reference to its business plan.
- Discount rate of approximately 20% is calculated by using the Capital Asset Pricing Model (“**CAPM**”), of which the cost of equity is calculated by reference to (i) risk free rate, being the yield of US 10-year government bond, representing a mature market risk free rate; (ii) equity market risk premium in Hong Kong, being the difference between the expected market return in the stock market in Hong Kong and the risk free rate; (iii) average adjusted beta coefficient of four comparable listed companies on the Stock Exchange with business copes and operations similar to those of the Target Group which is an exhaustive list based on the best-effort basis of the Valuer; (iv) country risk premium with reference to the Country Default Spreads and Risk Premiums published by New York University, reflecting the additional local risks of the equity market of Hong Kong; (v) firm

specific risk premium which is determined by the Valuer's professional judgement with the purpose of reflecting the additional risks exposed to the Target Group for operational risk and other business risk and (vi) size premium with reference to the 2015 Valuation Handbook by Duff & Phelps, with the purpose of reflecting the additional risks of relatively small size companies.

2) UNUSUAL PRICE AND TRADING VOLUME MOVEMENT

This statement is made by the Company at the request of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Rule 17.11 of Rules of Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

The board (the "**Board**") of directors (the "**Directors**") of the Company has noted the increases in the price and trading volume of the shares of the Company today. Having made such enquiry with respect to the Company as is reasonable in the circumstances, save as disclosed above, the Board confirms that it is not aware of any reasons for such increases or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and, in case of doubt, to seek independent advice from professional or financial advisers.

This statement is made by the order of the Board. The Board collectively and individually accepts responsibility for the accuracy of this statement.

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, 21 May 2015

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

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 enquires, 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 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.