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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 the Cayman Islands with limited liability)

Stock Code : 8222

1) POSITIVE PROFIT ALERT AND 2) CHANGE IN USE OF PROCEEDS

1) POSITIVE PROFIT ALERT

This announcement is made by E Lighting Group Holdings Limited (the “**Company**” together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available, the Group is expected to record a profit for the six months ended 30 September 2015, against the loss recorded for the corresponding period of 2014.

The Board considers that such profit was mainly due to the increase in turnover of the Group and the unrealised fair value gain on financial liabilities at fair value through profit or loss.

As the Company is still in the course of preparing its consolidated results for the six months ended 30 September 2015, the information contained in this announcement is only based on a preliminary assessment by the Board based on the information currently available to the Company and such information, which are subject to further adjustments, has not been reviewed by the audit committee of the Company. Details of the financial information to be disclosed in the Company’s interim report for the six months ended September 2015 shall prevail over the information contained herein, and will be published in November 2015. Shareholders and potential investors are advised to pay attention to such results of the Group when published.

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.

2) CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of the Company dated 22 September 2014 (the “**Prospectus**”) relating to the listing (the “**Listing**”) of the Company’s shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Unless the content otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

As set out in the section headed “Reasons for the Placing and Use of Proceeds” in the Prospectus, the Company intended to use the net proceeds from the Placing (the “**Net Proceeds**”) for the following purposes:

- Approximately 85.7% of the Net Proceeds will be applied for expansion of retail floor area.
- Approximately 6.4% of the Net Proceeds will be applied for marketing and promotion of our own branding of trademarks.
- Approximately 6.9% of the Net Proceeds will be applied for strengthen logistics management.
- The remaining amount of approximately 1.0% of the Net Proceeds will be applied for working capital and other general corporate purpose.

The actual Net Proceeds from the issue of new shares of the Company under the Placing were approximately HK\$33.5 million. The Company has adjusted the use of proceeds in the same proportion as shown in the Prospectus.

An analysis of the utilisation of the actual Net Proceeds and the unused amount as at 30 September 2015 is set out below:

Use of proceeds	Net Proceeds HK\$’000	Utilised amount as at 30 September 2015 HK\$’000	Unused amount as at 30 September 2015 HK\$’000
a) Expansion of retail floor area by approximately 12,000 sq. ft.	28,740	18,100	10,640
b) Marketing and promotion of our own branding of trademarks	2,138	880	1,258
c) Strengthen logistics management	2,309	250	2,059
d) Working capital and other general corporate purpose	342	332	10
Total	33,529	19,562	13,967

As at 30 September 2015, the Group utilised an aggregate amount of approximately HK\$19.6 million of the Net Proceeds, representing approximately 58.3% of the Net Proceeds. The Group has implemented its expansion plan and has increased the floor area by over 7,500 sq. ft. in aggregate.

Since the Company's shares have been listed for over 1 year, the Board recently reviewed the utilisation of the Net Proceeds. Having considered the changes in the business environment, in order to utilise the Net Proceeds in a more effective way and to facilitate efficient allocation of the Company's financial resources, the Board resolved to change the use of the Net Proceeds as follows:

Use of proceeds	Unused amount as at 30 September 2015 (HK\$'000)	Revised Net Proceeds to be utilised after reallocation (HK\$'000)
Expansion of retail floor area	10,640	7,640
Marketing and promotion of our own branding of trademarks	1,258	1,258
Strengthen logistics management	2,059	2,059
Working capital and other general corporate purpose	10	3,010
Total	13,967	13,967

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Group has been monitoring the utilisation of the Net Proceeds. The Group proactively executed the expansion plan and operated a total of 20 retail stores. However, having considered the recent decrease in transaction volume with the property market, it is expected that there will be more difficult business environment with household furnishing products in Hong Kong. The Board considered that the current number of retail stores is correspondingly sufficient to meet the demand of customers (which has unexpectedly been reduced since the Listing) and resolved that the Group should slow down and reduce the scale of the expansion plan. The Board considered that the funding requirement of the expansion plan would be reduced and certain of the Net Proceeds originally intended to be used for the expansion would be reallocated for working capital and other general corporate purpose, in order to improve working capital position and liquidity of the Group, and enhance the Group's capability to capture future business and investment opportunities (if any).

The Board considers that the above change in the use of Net Proceeds and the treatment of unutilised Net Proceeds are fair and reasonable, and would meet the financial needs of the Group more efficiently and enhance the flexibility in financial management of the Company and is in the interests of the Company and its Shareholders as a whole. In the event of a need of additional fund to expand the retail floor area, the Company will finance the funding required by internal cash resources, working capital and/or other financing, as and when appropriate.

The Directors will continuously assess the business objectives of the use of proceeds as set out in the Prospectus and above, and will revise or amend such plans to cope with the changing market conditions to ensure the business growth of the Group.

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, 7 October 2015

As at the date of this announcement, the executive Directors are Mr. Hue Kwok Chiu, Mr. Hui Kwok Keung Raymond, Mr. Hui Kwok Wing 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.