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 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 2020:

- Revenue was approximately HK$69,515,000 for the year ended 31 March 2020, representing a decrease of approximately 11.7% as compared with that of the preceding year, which was mainly due to uncertainty in Hong Kong retail environment, macro business environment and the outbreak of coronavirus disease 2019 ("COVID-19").

- The Group recorded a loss of approximately HK$4,932,000 for the year ended 31 March 2020.

- Loss per share was approximately HK1.09 cents for the year ended 31 March 2020.

- The board of Directors does not recommend the payment of final dividend for the year ended 31 March 2020.

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 2020, together with the comparative figures for the preceding year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
Revenue	5	**69,515**	78,765
Cost of sales		**(32,752)**	(36,399)
Gross profit		**36,763**	42,366
Other income, gains and losses	6	**(1,316)**	(21,538)
Selling and distribution expenses		**(25,925)**	(28,863)
Administrative and other expenses		**(13,790)**	(16,650)
Interest on lease liabilities		**(694)**	-
Loss before tax	7	**(4,962)**	(24,685)
Income tax credit	9	**30**	438
Loss and total comprehensive income for the year attributable to the owners of the Company		**(4,932)**	(24,247)
Loss per share	11		
- Basic and diluted (HK cents)		**(1.09)**	(5.38)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
Non-current assets			
Property, plant and equipment		**420**	1,069
Right-of-use assets	12	**9,566**	-
Intangible assets		**-**	-
Goodwill		**-**	-
Rental deposits	13	**2,052**	2,806
Deferred tax assets		**240**	258
Total non-current assets		**12,278**	4,133
Current assets			
Inventories		**7,459**	10,382
Trade and other receivables	13	**8,086**	7,403
Tax recoverable		**36**	44
Cash and bank balances		**7,750**	7,107
Total current assets		**23,331**	24,936
Total assets		**35,609**	29,069
Current liabilities			
Trade and other payables	14	**6,584**	6,055
Contract liabilities	15	**873**	1,409
Lease liabilities		**8,195**	-
Current tax liabilities		**139**	178
Total current liabilities		**15,791**	7,642
Net current assets		**7,540**	17,294
Total assets less current liabilities		**19,818**	21,427
Non-current liabilities			
Lease liabilities		**3,325**	-
Deferred tax liabilities		**-**	2
Total non-current liabilities		**3,325**	2
Total liabilities		**19,116**	7,644
NET ASSETS		**16,493**	21,425
EQUITY			
Share capital	16	**4,510**	4,510
Reserves		**11,983**	16,915
TOTAL EQUITY		**16,493**	21,425

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
As at 1 April 2018	4,510	67,066	2	(25,906)	45,672
Loss and total comprehensive income for the year	-	-	-	(24,247)	(24,247)
As at 31 March 2019	4,510	67,066	2	(50,153)	21,425
As at 1 April 2019	**4,510**	**67,066**	**2**	**(50,153)**	**21,425**
Loss and total comprehensive income for the year	**-**	**-**	**-**	**(4,932)**	**(4,932)**
As at 31 March 2020	**4,510**	**67,066**	**2**	**(55,085)**	**16,493**

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 10/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, giftware and other trading 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 2019

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty Over Income Tax Treatments
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures

The impact of the adoption of HKFRS 16 Leases has been summarised below. The other new or revised HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group's accounting policies.

<u>HKFRS 16 – Leases</u>

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Interpretation 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Interpretation 15 Operating Leases-Incentives and HK(SIC)-Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to sections (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings as at the date of initial application (1 April 2019). The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following table summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows (increase/(decrease)):

	At 31 March 2019 under HKAS 17 HK$'000	Effect of adoption of HKFRS 16 HK$'000	At 1 April 2019 under HKFRS 16 HK$'000
Right-of-use assets	-	10,849	10,849
Lease liabilities - non-current portion	-	3,136	3,136
Lease liabilities - current portion	-	7,713	7,713

3. ADOPTION OF HKFRSs (Continued)

(a) Adoption of new/revised HKFRSs – Effective 1 April 2019 (Continued)

HKFRS 16 – Leases (Continued)

(i) Impact of the adoption of HKFRS 16 (Continued)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities as at the date of initial application (1 April 2019) recognised in the consolidated statement of financial position:

Reconciliation of operating lease commitments to lease liabilities	**HK$'000**
Operating lease commitments as at 31 March 2019	19,318
Less: short-term leases for which lease terms end within 31 March 2020	(4,286)
Less: contract signed but commenced after 1 April 2019	(4,231)
Add: other adjustments	780
Less: future interest expenses	(732)
Total lease liabilities as at 1 April 2019	10,849

The weighted average of the incremental borrowing rates applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 4.95% per annum.

(ii) New definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee applies the practical expedient which allows the lessee to elect, by class of underlying assets, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

3. ADOPTION OF HKFRSs (Continued)

(a) Adoption of new/revised HKFRSs – Effective 1 April 2019 (Continued)

HKFRS 16 – Leases (Continued)

(iii) Accounting as a lessee (Continued)

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from a change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

3. ADOPTION OF HKFRSs (Continued)

(a) Adoption of new/revised HKFRSs – Effective 1 April 2019 (Continued)

HKFRS 16 – Leases (Continued)

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings as at the date of initial application (1 April 2019). The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities as at 1 April 2019 for leases previously classified as operating leases under HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at the date of initial application (1 April 2019).

The Group has elected to recognise all the right-of-use assets as at 1 April 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at the date of initial application (1 April 2019).

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with a term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) excluded the initial direct costs from the measurement of the right-of-use asset as at 1 April 2019 and (iv) reliance on previous assessments on whether leases are onerous.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Interpretation 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Interpretation 4.

Except as described above regarding the impact of HKFRS 16, the adoption of the above new/revised HKFRSs has no material impact on the Group's financial statements.

3. ADOPTION OF HKFRSs (Continued)

(b) Early adoption of Amendment to HKFRS 16 Covid-19-Related Rent Concessions

Amendments to HKFRS 16 - Covid-19-Related Rent Concessions

The amendments allow, as a practical expedient, a lessee elect not to assess whether a rent concession that meets the conditions below is a lease modification.

A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying HKFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and (iii) there is no substantive change to other terms and conditions of the lease.

The Group has early applied the practical expedient to all rent concessions that meet the conditions specified in the Amendments. During the year ended 31 March 2020, the Group recognised HK$410,000 as negative lease payments in the consolidated statement of profit or loss and other comprehensive income for the Covid-19-related rent concessions provided by lessors.

3. ADOPTION OF HKFRSs (Continued)

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

The following amendments to 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 for the year ended 31 March 2020. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of Business[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of "Material", aligning the definition across all HKFRSs and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group has already commenced an assessment of the impact of adopting the above amendments to HKFRSs to the Group. The directors of the Company anticipate that the application of these amendments to HKFRSs will have no material impact on the Group's financial performance and positions and/or the disclosure to these consolidated financial statements of the Group.

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, giftware and other business – retail and wholesale of tableware and giftware and other trading worldwide

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.

(a) Business segment

For the year ended 31 March 2020

	Lighting and furniture business HK$'000	**Tableware, giftware and other business HK$'000**	**Total HK$'000**
Revenue from external customers	**66,522**	**2,993**	**69,515**
Reportable segment result	**10,043**	**(404)**	**9,639**
Other segment information:			
Depreciation of property, plant and equipment	**610**	**-**	**610**
Depreciation of right-of-use assets	**10,765**	**-**	**10,765**
Impairment loss on property, plant and equipment	**50**	**-**	**50**
Impairment loss on right-of-use assets	**1,593**	**-**	**1,593**
Additions to property, plant and equipment	**22**	**-**	**22**
Additions to right-of-use assets	**11,371**	**-**	**11,371**
Expected credit losses reversed on trade receivables, net	**4**	**-**	**4**

4. SEGMENT INFORMATION (Continued)

(a) Business segment (Continued)

For the year ended 31 March 2019

	Lighting and furniture business HK$'000	Tableware, giftware and other business HK$'000	Total HK$'000
Revenue from external customers	72,083	6,682	78,765
Reportable segment result	13,667	(8)	13,659
Other segment information:			
Interest income	1	-	1
Depreciation of property, plant and equipment	562	23	585
Impairment loss on property, plant and equipment	-	20	20
Additions to non-current assets	419	-	419
Expected credit losses (recognised)/ reversed on trade receivables, net	(57)	2	(55)

(b) Reconciliation of reportable segment results

	2020 HK$'000	2019 HK$'000
Reportable segment result	**9,639**	13,659
Other gains or losses – impairment loss on goodwill	**-**	(19,817)
Other gains or losses – impairment loss on intangible assets	**-**	(1,877)
Other gains or losses – impairment loss on property, plant and equipment	**(4)**	-
Other gains or losses – impairment loss on right-of-use assets	**(114)**	-
Interest on lease liabilities	**(694)**	-
Unallocated corporate expenses (warehousing and general office expenses)	**(10,674)**	(11,222)
Other unallocated corporate expenses (note)	**(3,115)**	(5,428)
Consolidated loss before tax	**(4,962)**	(24,685)

Note : Other unallocated corporate expenses mainly consist of professional expenses and other administrative expenses.

4. SEGMENT INFORMATION (Continued)

(c) Segment assets and liabilities

	2020 **HK$'000**	2019 HK$'000
Assets		
Lighting and furniture business	**32,854**	25,637
Tableware, giftware and other business	**2,755**	3,388
Consolidated total assets	**35,609**	29,025
Liabilities		
Lighting and furniture business	**19,004**	7,409
Tableware, giftware and other business	**112**	191
Consolidated total liabilities	**19,116**	7,600

(d) Geographic information

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

	2020 **HK$'000**	2019 HK$'000
Hong Kong (place of domicile)	**67,059**	73,771
North America	**1,751**	4,052
PRC (excluding Hong Kong)	**705**	384
Other countries	**-**	558
	69,515	78,765

(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 2020 (2019: Nil).

5. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by products and timing of revenue recognition are as follows:

	2020 **HK$'000**	2019 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of lighting and furniture products	**66,522**	72,083
Sales of tableware, giftware and other products	**2,993**	6,682
	69,515	78,765
Timing of revenue recognition:		
At a point in time	**69,515**	78,765

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	2020 **HK$'000**	2019 HK$'000
Trade receivables (note 13)	**668**	638
Contract liabilities (note 15)	**873**	1,409

The contract liabilities mainly relate to the advance consideration received from customers. HK$911,000 of the contract liabilities as of 31 March 2019 has been recognised as revenue for the year ended 31 March 2020.

6. OTHER INCOME, GAINS AND LOSSES

	2020 **HK$'000**	2019 HK$'000
Impairment loss on right-of-use assets	**(1,707)**	-
Impairment loss on property, plant and equipment	**(54)**	(20)
Expected credit losses reversed/(recognised) on trade receivables, net	**4**	(55)
Loss on disposal of property, plant and equipment	**(7)**	-
Gain on lease modification	**4**	-
Bank interest income	**1**	1
Impairment loss on goodwill	**-**	(19,817)
Impairment loss on intangible assets	**-**	(1,877)
Others	**443**	230
	(1,316)	(21,538)

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2020 **HK$'000**	2019 HK$'000
Auditor's remuneration	**626**	746
Costs of inventories recognised as expenses		
Carrying amount of inventories sold	**27,447**	32,154
Provision for/(reversal of) impairment loss on inventories, net	**1,207**	(99)
	28,654	32,055
Depreciation		
- property, plant and equipment	**610**	585
- right-of-use assets (note)	**10,765**	**-**
Amortisation of intangible assets (included in administrative expenses)	**-**	1,608
Lease expenses under HKFRS 16		
- short-term leases	**4,847**	-
- variable lease payments	**18**	-
Lease payments for leases previously classified as operating leases under HKAS 17		
Minimum lease payments	**-**	14,770
Contingent rent	**-**	95
	-	14,865
Employee costs (note 8)	**16,053**	17,592

Note:

As further explained in note 3(a), the Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances as at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets as at 1 April 2019, the Group as lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information has not been restated.

8. EMPLOYEE COSTS

	2020 **HK$'000**	2019 HK$'000
Employee costs (including directors) comprise:		
Salaries and other benefits	**15,473**	16,920
Contributions to defined contribution retirement plans	**580**	672
	16,053	17,592

9. INCOME TAX CREDIT

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

	2020 **HK$'000**	2019 HK$'000
Current tax – Hong Kong Profits Tax		
- charge for the year	**(6)**	(57)
- over-provision in respect of prior year	**52**	-
	46	(57)
Deferred tax		
- (charge)/credit for the year	**(14)**	490
- effect of change in tax rates	**(2)**	5
	(16)	495
Income tax credit	**30**	438

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rates regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018/19.

Accordingly, the provision for Hong Kong Profits Tax for the year ended 31 March 2020 and 2019 is calculated in accordance with the two-tiered profits tax rates regime.

10. DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 March 2020, nor has any dividend been proposed since the end of reporting period (2019: Nil).

11. LOSS PER SHARE

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

	2020	2019
	HK$'000	HK$'000
Loss:		
Loss for the year for the purpose of calculating basic and diluted loss per share	**(4,932)**	(24,247)

	2020	2019
	'000	'000
Number of shares:		
Weighted average number of shares for the purpose of calculating basic and diluted loss per share	**451,036**	451,036

Notes:

(i) 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 year.

(ii) For the years ended 31 March 2020 and 2019, diluted loss per share was the same as basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2020 and 2019.

12. RIGHT-OF-USE ASSETS

	Land and buildings HK$'000
Cost	
As at 1 April 2019	**-**
Impact of adoption of HKFRS 16	**10,849**
Additions	**11,371**
Disposal	**(1,185)**
As at 31 March 2020	**21,035**
Accumulated depreciation and impairment	
As at 1 April 2019	**-**
Depreciation	**10,765**
Impairment loss recognised	**1,707**
Written back on disposal	**(1,003)**
As at 31 March 2020	**11,469**
Net book value	
As at 31 March 2019	**-**
As at 31 March 2020	**9,566**

Impairment of right-of-use assets

The impairment loss related to right-of-use assets amounting to HK$1,707,000 (2019: Nil) has been recognised in other gains and losses to write the carrying amount of the cash-generating units ("CGU") down to its recoverable amount of HK$119,000. For the purpose of impairment testing, retail shops are determined as CGU. The impairment losses attributable to those CGUs were then allocated to write down the assets in the CGUs (including property, plant and equipment and related right-of-use assets).

The recoverable amounts of the CGUs in which the right-of-use assets were included 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 13.81%. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3%, which does not exceed the long-term growth rate for the retail industry in Hong Kong. The key assumptions for the value in use calculations are budgeted gross margin of 44% to 53%, growth rate of 3% to 6.42% and wage inflation of 3%. The budgeted gross margin and growth rate are determined based on the unit's past performance and management's expectations regarding market development. Wage inflation has been based with reference to the independent economic data published by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region. The discount rate is determined based on the Hong Kong risk-free interest rate adjusted by the specific risk associated with the CGUs.

Due to the outbreak of COVID-19, the consumption-related activities have been seriously disrupted and the performance of Group's retail business have been adversely affected. This had an adverse impact on the estimated value-in-use of certain CGUs and impairment losses on property, plant and equipment and right-of-use assets were recognised.

13. TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	**668**	638
Deposits and other receivables	**5,284**	5,715
Prepayments	**4,186**	3,856
Total	**10,138**	10,209
Less: non-current – rental deposits	**(2,052)**	(2,806)
	8,086	7,403

The average credit period on sales of goods is 30 days from invoice date. At the end of reporting period, aging analysis of the trade receivables (net of impairment losses of HK$162,000 (2019: HK$166,000)), based on invoice dates, are as follows:

	2020 HK$'000	2019 HK$'000
Within 30 days	**282**	402
31 to 90 days	**100**	49
91 to 180 days	**209**	164
Over 180 days	**77**	23
	668	638

14. TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	**4,222**	3,694
Accruals and other payables	**2,362**	2,361
	6,584	6,055

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

	2020 HK$'000	2019 HK$'000
Within 30 days	**1,469**	1,803
31 to 60 days	**771**	525
61 to 90 days	**605**	624
Over 90 days	**1,377**	742
	4,222	3,694

15. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	2020 HK$'000	2019 HK$'000
Contract liabilities	**873**	1,409

Movements in contract liabilities:

	2020 HK$'000	2019 HK$'000
Balance at the beginning of the year	**1,409**	768
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year (note 5)	**(911)**	(338)
Increase in contract liabilities as a result of advanced consideration received from customers	**375**	979
Balance at the end of the year	**873**	1,409

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

When the Group receives sales deposits from customers before the delivery of goods, this will give rise to contract liabilities at the start of a contract. Contract liabilities are recognised until the goods are delivered and accepted by the customers. The unsatisfied performance obligations are expected to be recognised within one year.

16. 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 2018, 31 March 2019 and 31 March 2020	**1,000,000,000**	**10,000**
Issued and fully paid:		
As at 1 April 2018, 31 March 2019 and 31 March 2020	**451,035,713**	**4,510**

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

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 years ended 31 March 2020 and 2019.

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:

	2020 **HK$'000**	2019 HK$'000
Salaries and other benefits	**5,657**	6,100
Contributions to defined contribution retirement plans	**124**	126
	5,781	6,226

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Outlook

Business Review

During the year ended 31 March 2020 (the "Financial Year"), there was unprecedented challenges in the business environment. The weakened global and local economic outlook, the trade conflicts between the P.R.C. and the United States heightened the external uncertainties in macro business environment, the mass demonstrations in Hong Kong, as well as the COVID-19 pandemic, which affect the Group's performance of each business during the Financial Year.

To address the change in market condition, the Group took proactive measures to strengthen cost and cash flow control measures, by reducing staff costs, lowering the inventory level and working closely with landlords to restructure leases while striving for rental concessions.

The Group remain resilient to the fast changing operating environment and continue to apply stringent cost control measures to safeguard the Group's ability to continue as a going concern.

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 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.

During the Financial Year, revenue of the retail chain business in lighting and designer label furniture was approximately HK$66,522,000, accounted for approximately 95.7% of the Group's revenue.

Tableware, giftware and other business

Tableware, giftware and other business is mainly for wholesale of tableware, giftware and other trading worldwide, 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$2,993,000, accounted for approximately 4.3% 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 continued to drop for 15 consecutive months from February 2019 to April 2020 over the previous year, the retail sales registered a significant drop in February 2020 to April 2020, as the COVID-19 pandemic and resulting anti-epidemic measures seriously disrupted consumption-related activities.

In view of the COVID-19 heavily weighing on people traffic and consumption sentiment, the Directors foresee that the Hong Kong retail market becomes more uncertain and the business will be affected by the evolvement of the COVID-19 in the near term but the retail market may gradually recover in 2020. The Group will closely monitor the market condition, adjust its product strategies and strengthen cost and cash flow control measures to safeguard the Group's ability to continue as a going concern.

In June 2020, the Group has encountered a suitable retail store in Tsuen Wan with favourable rent and has already finalised the terms of the tenancy agreement with the landlord. It would be beneficial to lease the premise as it is located close to one of the existing retail stores and create synergies with the Group's existing retail network. It will also enable the Group to expanse its retail network at a relatively lower cost, and lay the foundation for future growth in the long term. The design of the new retail store is under progress and the launch of the new retail store is expected to be in mid-July 2020 and will further increase the market share of the Group.

In the meantime, the Group actively developing smart home and COVID-19 related products and other international trading and closely looking for new opportunities for those businesses.

The Group will closely monitor the trend of the business environment and maintain pragmatic approach for its business. 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, housing is one of the biggest concerns and need for Hong Kong citizens and housing is closely related to demand of lighting and household products. Therefore, the Group is afforded with new opportunities in its various lines of business. The Group will adopt more cautious strategies, which will be executed with prudence and closely control its expenditure in order to maintain its competitiveness. 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$69,515,000, representing a decrease of approximately 11.7% from approximately HK$78,765,000 as compared with that of the preceding year, which was mainly due to uncertainty in Hong Kong retail environment, macro business environment and the outbreak of COVID-19.

During the Financial Year, revenue of the retail chain business in lighting and designer label furniture was approximately HK$66,522,000, representing a decrease of approximately 7.7% from approximately HK$72,083,000 as compared with that of the preceding year.

During the Financial Year, revenue of the tableware, giftware and other business was approximately HK$2,993,000, representing a decrease of approximately 55.2% from approximately HK$6,682,000 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$36,763,000, representing a decrease of approximately 13.2% from approximately HK$42,366,000 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 52.9%.

Selling and Distribution Expenses

During the Financial Year, the Group's selling and distribution expenses was approximately HK$25,925,000, representing a decrease of approximately 10.2% from approximately HK$28,863,000 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 and related expenses for retail outlets and staff costs.

Administrative and Other Expenses

During the Financial Year, the Group's administrative and other expenses was approximately HK$13,790,000, representing a decrease of approximately 17.2% from approximately HK$16,650,000 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 rental and related expenses for office, amortisation of intangible assets and staff costs.

Loss for the Year

The Group recorded a loss of approximately HK$4,932,000 during the Financial Year (2019: loss of approximately HK$24,247,000).

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

(i) Renewal of Tenancy Agreement of Shop 335:

On 6 August 2019, E Lighting Group Limited (a wholly-owned subsidiary of the Company) as tenant entered into a renewal tenancy agreement with Sun Hung Kai Real Estate Agency Limited as the agent for the owner to renew the existing tenancy agreement for operation of retail store of retail business of the Group ("Renewal of Tenancy Agreement of Shop 335").

Principal terms of Renewal of Tenancy Agreement of Shop 335:

Parties:	(i) Sun Hung Kai Real Estate Agency Limited, as agent for the owner; and (ii) E Lighting Group Limited (a wholly-owned subsidiary of the Company) as tenant. The agent for the owner is principally engaged in property leasing and is a wholly-owned subsidiary of Sun Hung Kai Properties Limited, the shares of which are listed on the Main Board of Stock Exchange (stock code: 16). Sun Hung Kai Properties Limited is also the ultimate owner of the premises. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the agent for the owner, the ultimate owner of the premises and their respective ultimate beneficial owners are the parties independent of and not connected with the Company and its connected persons (the "Independent Third Parties").
Premise:	Shop No. 335 on level 3 of 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong.
Term:	Two years from 1 October 2019 to 30 September 2021 (both days inclusive).
The aggregate value of consideration payable:	Not less than approximately HK$3,467,000, being the monthly basic rental in aggregate for the term of two years (exclusive of rates, air-conditioning and management charges, promotion levy and all other outgoings). Tenant shall pay the lease payment on monthly basis by internal resources. The tenant is also subject to monthly additional turnover rental, being an amount by which 15% of the monthly gross receipt(s) of the tenant's business at the said premises during and for the rental payable month (without any deduction) exceeds the basic rental.

Reasons for and benefits of Renewal of Tenancy Agreement of Shop 335:

Due to nature of its retail business in Hong Kong, the Group has to enter into tenancy agreements for leasing of retail stores from time to time. The terms of Renewal of Tenancy Agreement of Shop 335 (including the rental charge) were determined after arm's length negotiations between the parties and with reference to the open market rent of comparable properties and the rental payment made by the Group under the existing tenancy agreements. The Board considers that the terms of Renewal of Tenancy Agreement of Shop 335 are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the GEM Listing Rules of Renewal of Tenancy Agreement of Shop 335:

In accordance with HKFRS 16 "Lease", the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the premise. Accordingly, Renewal of Tenancy Agreement of Shop 335 is regarded as acquisitions of assets by the Group for the purpose of the GEM Listing Rules.

As the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) for the lease transaction contemplated under the Renewal of Tenancy Agreement of Shop 335 exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company, and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement.

For details, please refer to the announcement of the Company dated 9 September 2019.

(ii) Renewal of Tenancy Agreement of Shop 308:
On 26 September 2019, Culture Art Limited (a wholly-owned subsidiary of the Company) as tenant finalised the renewal terms with Sun Hung Kai Real Estate Agency Limited as the agent for the owner to renew the existing tenancy agreement for operation of retail store of retail business of the Group ("Renewal of Tenancy Agreement of Shop 308").

Principal terms of Renewal of Tenancy Agreement of Shop 308:

Parties:	(iii) Sun Hung Kai Real Estate Agency Limited, as agent for the owner; and (iv) Culture Art Limited (a wholly-owned subsidiary of the Company) as tenant. The agent for the owner is principally engaged in property leasing and is a wholly-owned subsidiary of Sun Hung Kai Properties Limited, the shares of which are listed on the Main Board of Stock Exchange (stock code: 16). Sun Hung Kai Properties Limited is also the ultimate owner of the premises. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the agent for the owner, the ultimate owner of the premises and their respective ultimate beneficial owners are the Independent Third Parties.
Premise:	Shop No. 308 on level 3 of 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong.
Term:	Two years from 3 November 2019 to 2 November 2021 (both days inclusive).
The aggregate value of consideration payable:	Not less than approximately HK$2,257,000, being the monthly basic rental in aggregate for the term of two years (exclusive of rates, air-conditioning and management charges, promotion levy and all other outgoings). Tenant shall pay the lease payment on monthly basis by internal resources. The tenant is also subject to monthly additional turnover rental, being an amount by which 15% of the monthly gross receipt(s) of the tenant's business at the said premises during and for the rental payable month (without any deduction) exceeds the basic rental.

Reasons for and benefits of Renewal of Tenancy Agreement of Shop 308:
Due to nature of its retail business in Hong Kong, the Group has to enter into tenancy agreements for leasing of retail stores from time to time. The terms of Renewal of Tenancy Agreement of Shop 308 (including the rental charge) were determined after arm's length negotiations between the parties and with reference to the open market rent of comparable properties and the rental payment made by the Group under the existing tenancy agreements. The Board considers that the terms of Renewal of Tenancy Agreement of Shop 308 are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the GEM Listing Rules of Renewal of Tenancy Agreement of Shop 308:
In accordance with HKFRS 16 "Lease", the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the premise. Accordingly, Renewal of Tenancy Agreement of Shop 308 is regarded as acquisitions of assets by the Group for the purpose of the GEM Listing Rules.

As the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) for the lease transaction contemplated under the Renewal of Tenancy Agreement of Shop 308 exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company, and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement.

For details, please refer to the announcement of the Company dated 26 September 2019.

<u>(iii) Renewal of Tenancy Agreement of Shop L5-6:</u>
On 8 June 2020, Urban Lifestyle Limited (a wholly-owned subsidiary of the Company) as tenant finalised the renewal terms with MegaBox Development Company Limited as the landlord to renew the existing tenancy agreement for operation of retail store of retail business of the Group ("Renewal of Tenancy Agreement of Shop L5-6").

Principal terms of Renewal of Tenancy Agreement of L5-6:

Parties:	(v) MegaBox Development Company Limited, as landlord; and (vi) Urban Lifestyle Limited (a wholly-owned subsidiary of the Company), as tenant. The landlord is a company incorporated in Hong Kong and principally engaged in property investment. The landlord is a wholly-owned subsidiary of Kerry Properties Limited, the shares of which are listed on the Main Board of Stock Exchange (stock code: 683). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the landlord and its respective ultimate beneficial owners are the Independent Third Parties.
Premise:	Unit 6 on Level 5 of MegaBox, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong
Term:	Three years from 23 June 2020 to 22 June 2023 (both days inclusive).
The aggregate value of consideration payable:	Not less than approximately HK$2,640,000, being the monthly basic rental in aggregate for the term of three years (exclusive of rates, air-conditioning and management charges, promotion levy and all other outgoings). The tenant shall pay the lease payment on monthly basis by internal resources. The tenant will enjoy a two months' rent free period at the beginning of the term. The tenant is also subject to monthly additional turnover rental, being an amount by which 15% of the monthly gross receipt(s) of the tenant's business at the Premise during and for the rental payable month (without any deduction) exceeds the basic rental.

<u>Reasons for and benefits of Renewal of Tenancy Agreement of Shop L5-6:</u>
Due to nature of its retail business in Hong Kong, the Group has to enter into tenancy agreements for leasing of retail stores from time to time. It would be beneficial to lease the premise as it will enable the Group to secure its stable operation at the Premise without incurring additional costs and expenses in identifying, renovating and relocating to other retail store and ensure that there will be no disruption to the operations, business and growth of the Group.

The terms of Renewal of Tenancy Agreement of Shop L5-6 (including the rental charge) were determined after arm's length negotiations between the parties and with reference to the open market rent of comparable properties in the nearby districts and the rental payment made by the Group under the existing tenancy agreements. The Board considers that the terms of Renewal of Tenancy Agreement of Shop L5-6 were entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

<u>Implications under the GEM Listing Rules of Renewal of Tenancy Agreement of Shop L5-6:</u>
In accordance with HKFRS 16 "Lease", the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the premise. Accordingly, Renewal of Tenancy Agreement of Shop L5-6 is regarded as acquisitions of assets by the Group for the purpose of the GEM Listing Rules.

As the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) for the lease transaction contemplated under the Renewal of Tenancy Agreement of Shop 308 exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company, and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement.

For details, please refer to the announcement of the Company dated 8 June 2020.

Save as otherwise disclosed, there were neither significant investments held as at 31 March 2020 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 2020, the Group had cash and bank balances of approximately HK$7,750,000 (2019: HK$7,107,000). The gearing ratio of the Group, calculated as total bank borrowings over total equity, was nil as at 31 March 2020 (2019: Nil), as the Group mainly financed the operations from internally generated funds and had no bank borrowings as at 31 March 2020 (2019: 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 2020, there were 451,035,713 ordinary shares in issue.

Total equity attributable to the owners of the Company amounted to approximately HK$16,493,000 as at 31 March 2020 (2019: HK$21,425,000).

Contingent Liabilities

As at 31 March 2020, save as otherwise disclosed, the Group did not have any material contingent liabilities (2019: 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 2020, there was no charges on the Group's assets (2019: Nil).

Capital Commitments

As at 31 March 2020, the Group did not have any significant capital commitments (2019: Nil).

Dividend

The Board does not recommend the payment of any dividend for the Financial Year (2019: 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$16,053,000 (2019: HK$17,592,000).

As at 31 March 2020, the Group had 45 employees (2019: 44 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 listed 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 2020, 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	Beneficial Owner	45,000,000	9.98%

Note:

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

Save as disclosed above, as at 31 March 2020, 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 2020, 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%
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 2020, 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 2020, 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 2020, 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.

Scope of Work of BDO Limited
The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income and the related notes thereto for the Financial Year as set out in this announcement have been agreed by the Group's auditor, BDO Limited, as to the amounts set out in the Group's audited consolidated financial statements for the Financial Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This 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 2020 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, 24 June 2020

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 Listed Company Information" 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****.*