



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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2021:

- Revenue was approximately HK\$82,227,000 for the year ended 31 March 2021, representing an increase of approximately 18.3% as compared with that of the preceding year, which was mainly due to the Group timely adjusted its product strategies and actively carried out promotion activities and expanded its business.
- The Group recorded a profit of approximately HK\$8,157,000 for the year ended 31 March 2021.
- Profit per share was approximately HK1.81 cents for the year ended 31 March 2021.
- The board of Directors does not recommend the payment of final dividend for the year ended 31 March 2021.

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 2021, together with the comparative figures for the preceding year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	5	82,227	69,515
Cost of sales		<u>(38,173)</u>	<u>(32,752)</u>
Gross profit		44,054	36,763
Other income, gains and losses	6	2,026	(1,316)
Selling and distribution expenses		(23,005)	(25,925)
Administrative and other expenses		(14,169)	(13,790)
Interest on lease liabilities		<u>(642)</u>	<u>(694)</u>
Profit/(Loss) before tax	7	8,264	(4,962)
Income tax credit/(expenses)	9	<u>(107)</u>	<u>30</u>
Profit/(Loss) and total comprehensive income for the year attributable to the owners of the Company		<u>8,157</u>	<u>(4,932)</u>
Profit/(Loss) per share	11		
- Basic and diluted (HK cents)		<u><u>1.81</u></u>	<u><u>(1.09)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment		61	420
Right-of-use assets	12	18,129	9,566
Rental deposits	13	3,808	2,052
Deferred tax assets		238	240
Total non-current assets		<u>22,236</u>	<u>12,278</u>
Current assets			
Inventories		7,891	7,459
Trade and other receivables	13	6,290	8,086
Tax recoverable		-	36
Cash and bank balances		17,557	7,750
Total current assets		<u>31,738</u>	<u>23,331</u>
Total assets		<u>53,974</u>	<u>35,609</u>
Current liabilities			
Trade and other payables	14	7,355	6,584
Contract liabilities	15	1,058	873
Lease liabilities		11,844	8,195
Current tax liabilities		258	139
Total current liabilities		<u>20,515</u>	<u>15,791</u>
Net current assets		<u>11,223</u>	<u>7,540</u>
Total assets less current liabilities		<u>33,459</u>	<u>19,818</u>
Non-current liabilities			
Lease liabilities		8,809	3,325
Total non-current liabilities		<u>8,809</u>	<u>3,325</u>
Total liabilities		<u>29,324</u>	<u>19,116</u>
NET ASSETS		<u>24,650</u>	<u>16,493</u>
EQUITY			
Share capital	16	4,510	4,510
Reserves		20,140	11,983
TOTAL EQUITY		<u>24,650</u>	<u>16,493</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
As at 1 April 2019	4,510	67,066	2	(50,153)	21,425
Loss and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,932)</u>	<u>(4,932)</u>
As at 31 March 2020	<u>4,510</u>	<u>67,066</u>	<u>2</u>	<u>(55,085)</u>	<u>16,493</u>
As at 1 April 2020	4,510	67,066	2	(55,085)	16,493
Profit and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,157</u>	<u>8,157</u>
As at 31 March 2021	<u>4,510</u>	<u>67,066</u>	<u>2</u>	<u>(46,928)</u>	<u>24,650</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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 2020

In the current year, the Group has applied for the first time for following amendments to HKFRSs issued by HKICPA which is relevant to and effective for the Group's financial statements for annual period beginning on 1 April 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business

The amendments to HKFRSs that are effective from 1 April 2020 did not have any significant impact on the Group's accounting policies.

(b) 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 2021. The Group's current intention is to apply these changes on the date they become effective.

Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ¹
Annual Improvements	Annual Improvements to HKFRS standards 2018-2020 cycle ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Date to be determined

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

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 2021

	Lighting and furniture business HK\$'000	Tableware, giftware and other business HK\$'000	Total HK\$'000
Revenue from external customers	<u>76,091</u>	<u>6,136</u>	<u>82,227</u>
Reportable segment result	<u>23,086</u>	<u>140</u>	<u>23,226</u>
Other segment information:			
Depreciation of property, plant and equipment	230	-	230
Depreciation of right-of-use assets	10,050	-	10,050
Impairment loss on property, plant and equipment	158	-	158
Impairment loss on right-of-use assets	1,612	-	1,612
Additions to property, plant and equipment	31	-	31
Additions to right-of-use assets	8,773	-	8,773
Expected credit losses recognised on trade receivables, net	<u>121</u>	<u>-</u>	<u>121</u>

4. SEGMENT INFORMATION (Continued)

(a) Business segment (Continued)

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	<u>66,522</u>	<u>2,993</u>	<u>69,515</u>
Reportable segment result	<u>10,043</u>	<u>(404)</u>	<u>9,639</u>
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	<u>4</u>	<u>-</u>	<u>4</u>

(b) Reconciliation of reportable segment results

	2021 HK\$'000	2020 HK\$'000
Reportable segment result	23,226	9,639
Other gains or losses – impairment loss on property, plant and equipment	(1)	(4)
Other gains or losses – impairment loss on right-of-use assets	(150)	(114)
Interest on lease liabilities	(642)	(694)
Unallocated corporate expenses (warehousing and general office expenses)	(10,448)	(10,674)
Other unallocated corporate expenses (note)	(3,721)	(3,115)
Consolidated profit/(loss) before tax	<u>8,264</u>	<u>(4,962)</u>

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

4. SEGMENT INFORMATION (Continued)

(c) Segment assets and liabilities

	2021 HK\$'000	2020 HK\$'000
Assets		
Lighting and furniture business	51,223	32,854
Tableware, giftware and other business	2,751	2,755
Consolidated total assets	<u>53,974</u>	<u>35,609</u>
Liabilities		
Lighting and furniture business	29,185	19,004
Tableware, giftware and other business	139	112
Consolidated total liabilities	<u>29,324</u>	<u>19,116</u>

(d) Geographic information

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

	2021 HK\$'000	2020 HK\$'000
Hong Kong (place of domicile)	76,226	67,059
North America	6,001	1,751
PRC (excluding Hong Kong)	-	705
	<u>82,227</u>	<u>69,515</u>

(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 2021 (2020: Nil).

5. REVENUE

Disaggregation of revenue

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

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers		
within the scope of HKFRS 15:		
Sales of lighting and furniture products	76,091	66,522
Sales of tableware, giftware and other products	<u>6,136</u>	<u>2,993</u>
	<u>82,227</u>	<u>69,515</u>
Timing of revenue recognition:		
At a point in time	<u>82,227</u>	<u>69,515</u>

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

	2021 HK\$'000	2020 HK\$'000
Trade receivables (note 13)	355	668
Contract liabilities (note 15)	<u>1,058</u>	<u>873</u>

The contract liabilities mainly relate to the advance consideration received from customers. HK\$266,000 of the contract liabilities as of 1 April 2020 has been recognised as revenue for the year ended 31 March 2021 (2020: HK\$911,000 of the contract liabilities as of 1 April 2019 has been recognised as revenue for the year ended 31 March 2020).

6. OTHER INCOME, GAINS AND LOSSES

	2021 HK\$'000	2020 HK\$'000
Government grants		
Employment Support Scheme (note a)	2,297	-
Retail Sector Subsidy Scheme (note b)	1,040	-
	3,337	-
Impairment loss on right-of-use assets	(1,762)	(1,707)
Impairment loss on property, plant and equipment	(160)	(54)
Expected credit losses reversed/(recognised) on trade receivables, net	(121)	4
Loss on disposal of property, plant and equipment	-	(7)
Gain on lease modification	-	4
Bank interest income	-	1
Others (note c)	732	443
	<u>2,026</u>	<u>(1,316)</u>

Notes:

- (a) The amount represents the government grants obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this scheme.
- (b) The amount represents the government grants obtained from the Retail Sector Subsidy Scheme under the Anti-epidemic Fund launched by the Hong Kong SAR Government. Under the Retail Sector Subsidy Scheme, a one-off subsidy of HK\$80,000 was provided to the Group’s each eligible retail store. The Group does not have other unfulfilled obligations relating to this scheme.
- (c) During the year ended 31 March 2021, the Group recognised HK\$396,000 (2020: HK\$410,000) as negative variable lease payments in the consolidated statement of profit or loss for the Covid-19-related rent concessions provided by lessors.

7. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging:

	2021 HK\$'000	2020 HK\$'000
Auditor’s remuneration	620	580
Costs of inventories recognised as expenses		
Carrying amount of inventories sold	32,673	27,447
Provision for impairment loss on inventories, net	178	1,207
	32,851	28,654
Depreciation		
- property, plant and equipment	230	610
- right-of-use assets	10,050	10,765
Lease expenses		
- short-term leases	2,537	4,847
- variable lease payments	34	18
Employee costs (note 8)	16,963	16,053

8. EMPLOYEE COSTS

	2021 HK\$'000	2020 HK\$'000
Employee costs (including directors) comprise:		
Salaries and other benefits	16,376	15,473
Contributions to defined contribution retirement plans	<u>587</u>	<u>580</u>
	<u>16,963</u>	<u>16,053</u>

9. INCOME TAX CREDIT/(EXPENSES)

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

	2021 HK\$'000	2020 HK\$'000
Current tax – Hong Kong Profits Tax		
- charge for the year	(111)	(6)
- over-provision in respect of prior year	<u>6</u>	<u>52</u>
	<u>(105)</u>	<u>46</u>
Deferred tax		
- charge for the year	(2)	(14)
- effect of change in tax rates	<u>-</u>	<u>(2)</u>
	<u>(2)</u>	<u>(16)</u>
Income tax credit/(expenses)	<u>(107)</u>	<u>30</u>

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 2021 and 2020 of the qualified subsidiary is calculated in accordance with the two-tiered profits tax rates and the remaining subsidiaries are calculated at a single tax rate of 16.5%.

10. DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 March 2021, nor has any dividend been proposed since the end of reporting period (2020: Nil).

11. PROFIT/(LOSS) PER SHARE

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

	2021 HK\$'000	2020 HK\$'000
Profit/(Loss):		
Profit/(Loss) for the year for the purpose of calculating basic and diluted profit/(loss) per share	<u>8,157</u>	<u>(4,932)</u>
	2021 '000	2020 '000
Number of shares:		
Weighted average number of shares for the purpose of calculating basic and diluted profit/(loss) per share	<u>451,036</u>	<u>451,036</u>

Notes:

- (i) Basic profit/(loss) per share was calculated by dividing the profit/(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 2021 and 2020, diluted profit/(loss) per share was the same as basic profit/(loss) per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2021 and 2020.

12. RIGHT-OF-USE ASSETS

	Land and buildings HK\$'000
Cost	
As at 1 April 2019	10,849
Additions	11,371
Disposal/Modification	<u>(1,185)</u>
As at 31 March 2020	21,035
Additions	8,773
Disposal/Modification	<u>11,602</u>
As at 31 March 2021	<u>41,410</u>
Accumulated depreciation and impairment	
As at 1 April 2019	-
Depreciation	10,765
Impairment loss recognised	1,707
Written back on disposal/Modification	<u>(1,003)</u>
As at 31 March 2020	11,469
Depreciation	10,050
Impairment loss recognised	<u>1,762</u>
As at 31 March 2021	<u>23,281</u>
Net book value	
As at 31 March 2020	<u>9,566</u>
As at 31 March 2021	<u>18,129</u>

Impairment of right-of-use assets

The impairment loss related to right-of-use assets amounting to HK\$1,762,000 (2020: HK\$1,707,000) has been recognised in other gains and losses to write down the carrying amount of the cash-generating units ("CGUs") down to its recoverable amount of nil (2020: HK\$119,000). For the purpose of impairment testing, retail shops are determined as CGUs. 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 12.48% (2020: 13.81%). Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2020: 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 30% to 58% (2020: 44% to 53%), growth rate of 3% to 6.1% (2020: 3% to 6.42%) and wage inflation of 3% (2020: 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.

As COVID-19 continues to spread around the world, there have been significant impacts to consumer behavior and product demand, which adversely affect the Group's certain retail business performance. 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

	2021 HK\$'000	2020 HK\$'000
Trade receivables	355	668
Deposits and other receivables	6,051	5,284
Prepayments	3,692	4,186
Total	<u>10,098</u>	<u>10,138</u>
Less: non-current – rental deposits	<u>(3,808)</u>	<u>(2,052)</u>
	<u><u>6,290</u></u>	<u><u>8,086</u></u>

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\$283,000 (2020: HK\$162,000)), based on invoice dates, are as follows:

	2021 HK\$'000	2020 HK\$'000
Within 30 days	185	282
31 to 90 days	117	100
91 to 180 days	29	209
Over 180 days	24	77
	<u>355</u>	<u>668</u>

14. TRADE AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Trade payables	4,581	4,222
Accruals and other payables	2,774	2,362
	<u>7,355</u>	<u>6,584</u>

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:

	2021 HK\$'000	2020 HK\$'000
Within 30 days	1,714	1,469
31 to 60 days	1,301	771
61 to 90 days	1,268	605
Over 90 days	298	1,377
	<u>4,581</u>	<u>4,222</u>

15. CONTRACT LIABILITIES

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

	2021 HK\$'000	2020 HK\$'000
Contract liabilities	<u>1,058</u>	<u>873</u>

Movements in contract liabilities:

	2021 HK\$'000	2020 HK\$'000
Balance at the beginning of the year	873	1,409
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)	(266)	(911)
Increase in contract liabilities as a result of advanced consideration received from customers	<u>451</u>	<u>375</u>
Balance at the end of the year	<u>1,058</u>	<u>873</u>

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 2019, 31 March 2020 and 31 March 2021	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid:		
As at 1 April 2019, 31 March 2020 and 31 March 2021	<u>451,035,713</u>	<u>4,510</u>

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 2021 and 2020.

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:

	2021 HK\$'000	2020 HK\$'000
Salaries and other benefits	5,962	5,657
Contributions to defined contribution retirement plans	125	124
	<u>6,087</u>	<u>5,781</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Outlook

Business Review

Retail chain business in lighting and designer label furniture

Retail chain business in lighting and designer label furniture is the core business of the Group. Being one of the most established retail chain group of lighting products in Hong Kong, E Lighting possesses rich experience in the sale of quality lighting and designer label furniture products from all over the world. During the year ended 31 March 2021 (the “Financial Year”), the Group timely adjusted its product strategies and actively carried out promotion activities. Moreover, a new retail store was opened in Tsuen Wan in July 2020 and the launch of the new shop further increase the market share of the Group.

During the Financial Year, revenue of the retail chain business in lighting and designer label furniture was approximately HK\$76,091,000, accounted for approximately 92.5% 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, which has expanded the Group’s business portfolio, and broadened its source of income and generated additional cash flows. During the Financial Year, the Group expanded its business by carrying out actively the international trading of COVID-19 related products.

During the Financial Year, revenue of the business in tableware, giftware and other business was approximately HK\$6,136,000, accounted for approximately 7.5% 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 February 2021 and continued to grow for 3 consecutive months from February 2021 to April 2021 over the previous year, reflecting that there are improvement on local consumption sentiment following the gradual relaxation of social distancing measures since mid-February. However, the retail sales volume was still far below its pre-pandemic level.

The Directors foresee that the Hong Kong retail market remains challenging, retail market would continue to be affected by the development of local epidemic in the near term, but the retail market may gradually recover in late 2021. The Group will closely monitor the trend of the business environment, maintain pragmatic approach for its business and take every chance to identify any suitable opportunity in the market for the Group.

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 April and May 2021, the Group has successfully opened two new retail stores, including “PANALIVING” at HomeSquare, Shatin and “PHILIPS AT EL” at Megabox, Kowloon Bay, in order to capture the opportunities of development. The launch of the new shops are expected to further increase the market share of the Group.

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

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\$82,227,000, representing an increase of approximately 18.3% from approximately HK\$69,515,000 as compared with that of the preceding year, which was mainly due to the Group timely adjusted its product strategies and actively carried out promotion activities and expanded its business.

During the Financial Year, revenue of the retail chain business in lighting and designer label furniture was approximately HK\$76,091,000, representing an increase of approximately 14.4% from approximately HK\$66,522,000 as compared with that of the preceding year.

During the Financial Year, revenue of the tableware, giftware and other business was approximately HK\$6,136,000, representing an increase of approximately 105% from approximately HK\$2,993,000 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\$44,054,000, representing an increase of approximately 19.8% from approximately HK\$36,763,000 as compared with that of the preceding year. The increase was primarily due to increase in sales and gross profit margin. During the Financial Year, the Group's overall gross profit margin was approximately 53.6%.

Selling and Distribution Expenses

During the Financial Year, the Group's selling and distribution expenses was approximately HK\$23,005,000, representing a decrease of approximately 11.3% from approximately HK\$25,925,000 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.

Administrative and Other Expenses

During the Financial Year, the Group's administrative and other expenses was approximately HK\$14,169,000, representing an increase of approximately 2.8% from approximately HK\$13,790,000 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 increase was primarily due to increase in staff bonuses.

Profit for the Year

The Group recorded a profit of approximately HK\$8,157,000 during the Financial Year (2020: loss of approximately HK\$4,932,000).

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 312:

On 8 July 2020, Urban Lifestyle Limited (a wholly-owned subsidiary of the Company) as tenant finalised the renewal terms with CDW Building 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 312”).

Principal terms of Renewal of Tenancy Agreement of Shop 312:

Effective date: 1 September 2020

Parties: (i) CDW Building Limited, as landlord; and
(ii) Urban Lifestyle Limited, as tenant.

The landlord is a company incorporated in Cayman Islands and principally engaged in property investment. The landlord is a wholly-owned subsidiary of HKR International Limited, the shares of which are listed on the Main Board of Stock Exchange (stock code: 480).

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 parties independent of and not connected with the Company and its connected persons (the “Independent Third Parties”).

Premises: Shop No. 312 of 3rd Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, Hong Kong.

Term: Three years from 1 September 2020 to 31 August 2023 (both days inclusive).

The aggregate value of consideration payable: Not less than approximately HK\$2,482,000, 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 12% 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 312:

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 said premises as it will enable the Group to secure its stable operation at the said premises 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 312 (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 agreement. The Board considers that the terms of Renewal of Tenancy Agreement of Shop 312 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.

(ii) Renewal of Tenancy Agreement of GCH 14B-D:

On 10 July 2020, ELG Operations Limited (a wholly-owned subsidiary of the Company) as tenant finalised the renewal terms with ASSOCIATED DEVELOPMENT COMPANY LIMITED as the landlord to renew the existing tenancy agreement for operation of office and warehouse of retail business of the Group (“Renewal of Tenancy Agreement of GCH 14B-D”).

Principal terms of Renewal of Tenancy Agreement of GCH 14B-D:

Effective date:	1 August 2020
Parties:	(i) ASSOCIATED DEVELOPMENT COMPANY LIMITED, as landlord; and (ii) ELG Operations Limited, as tenant. The landlord is a company incorporated in Hong Kong and principally engaged in property investment. 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.
Premises:	Flat B, C and D, 14/F, Gee Chang Hong Centre, 65 Wong Chuk Hang Road, Aberdeen, Hong Kong.
Term:	Two years from 1 August 2020 to 31 July 2022 (both days inclusive).
The aggregate value of consideration payable:	Not less than approximately HK\$1,706,000, being the monthly rental in aggregate for the term of two years (exclusive of management service charges and all other outgoings). The tenant shall pay the lease payment on monthly basis by internal resources.

Reasons for and benefits of Renewal of Tenancy Agreement of GCH 14B-D:

The Group has been leasing the said premises from the landlord as its office and warehouse in Hong Kong for around 15 years. It would be beneficial to lease the said premises as it will enable the Group to secure its stable operation at the said premises without incurring additional costs and expenses in identifying, renovating and relocating to other locations 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 GCH 14B-D (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 agreement. The Board considers that the terms of Renewal of Tenancy Agreement of GCH 14B-D 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.

(iii) Entering the Tenancy Agreement of Shop L3-7:

On 30 September 2020, RS Holdings Limited (a wholly-owned subsidiary of the Company) as tenant finalised the terms with MegaBox Development Company Limited as the landlord to enter a tenancy agreement for operation of retail store of retail business of the Group. (“Entering the Tenancy Agreement of Shop L3-7”).

Principal terms of Entering the Tenancy Agreement of Shop L3-7:

Effective date:	1 May 2021
Parties:	(i) MegaBox Development Company Limited, as landlord; and (ii) RS Holdings Limited, 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.
Premises:	Unit 7 on Level 3 of MegaBox, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.
Term:	Three years from 1 May 2021 to 30 April 2024 (both days inclusive).
The aggregate value of consideration payable:	Not less than approximately HK\$1,802,000, 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 premises during and for the rental payable month (without any deduction) exceeds the basic rental.

Reasons for and benefits of Entering the Tenancy Agreement of Shop L3-7:

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 said premises 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 expand its retail network at a relatively lower cost, and lay the foundation for future growth in the long term.

The terms of Entering the Tenancy Agreement of Shop L3-7 (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. The Board considers that the terms of Entering the Tenancy Agreement of Shop L3-7 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.

(iv) Renewal of Tenancy Agreement of Shop 637:

On 4 November 2020, Major Will Limited (a wholly-owned subsidiary of the Company) as tenant finalised the renewal terms with STYLE CITY (HONG KONG) 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 637”).

Principal terms of Renewal of Tenancy Agreement of Shop 637:

Effective date:	21 November 2020
Parties:	(i) STYLE CITY (HONG KONG) LIMITED, as landlord; and (ii) Major Will Limited, as tenant. The landlord is a company incorporated in Hong Kong and principally engaged in property investment. 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.
Premises:	G/F, Kwok Cheung Building, No. 637 Shanghai Street.
Term:	Two years from 21 November 2020 to 20 November 2022 (both days inclusive).
The aggregate value of consideration payable:	Not less than approximately HK\$3,173,000, being the monthly basic rental in aggregate for the term of two years (exclusive of rates, management service charges and all other outgoings). The tenant shall pay the lease payment on monthly basis by internal resources. The tenant will enjoy a half month’s rent free period.

Reasons for and benefits of Renewal of Tenancy Agreement of Shop 637:

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 said premises as it will enable the Group to secure its stable operation at the said premises 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 637 (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 637 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.

(v) Renewal of Tenancy Agreement of Shop 103:

On 13 January 2021, Good Harvest Surplus Limited (a wholly-owned subsidiary of the Company) as tenant finalised the renewal terms with Sun Hung Kai Real Estate (Sales and Leasing) 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 103”).

Principal terms of Renewal of Tenancy Agreement of Shop 103:

Effective date:	18 January 2021
Parties:	(i) Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, as agent for the owner; and (ii) Good Harvest Surplus 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.
Premises:	Shop No. 103 on level 1 of 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong.
Term:	Two years from 18 January 2021 to 17 January 2023 (both days inclusive).
The aggregate value of consideration payable:	Not less than approximately HK\$2,045,000, 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 10% 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 103:

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 said premises as it will enable the Group to secure its stable operation at the said premises 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 103 (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 103 are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(vi) Renewal of Tenancy Agreement of Shop MH20-30:

On 29 January 2021, Element Lighting Design Limited (a wholly-owned subsidiary of the Company) as tenant finalised the renewal terms with Chow Sang Sang Nominees Limited as the attorney of 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 MH20-30”).

Principal terms of Renewal of Tenancy Agreement of Shop MH20-30:

Effective date: 1 March 2021

Parties: (i) Chow Sang Sang Nominees Limited, as attorney of the owner; and
(ii) Element Lighting Design Limited (a wholly-owned subsidiary of the Company) as tenant.

The attorney of the owner is a company incorporated in Hong Kong, principally engaged in provision of nominee service and is a wholly-owned subsidiary of Chow Sang Sang Holdings International Limited, the shares of which are listed on the Main Board of Stock Exchange (stock code: 116).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the attorney of the owner and its respective ultimate beneficial owners are the Independent Third Parties.

The owner is Chi Hong Ching Yuen Limited, a company limited by guarantee without a share capital incorporated in Hong Kong and is an approved charitable organization. The principal activities of the owner are the promotion of Buddhism and related matters as well as operating the Chi Hong Primary School and properties holding.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the founder members of the owner are Sik Chee Hoi, Sik Sui Tung, Sik Sui Yung, Sik Sui Cheung, Sik Sui Hang, Sik Chun Ming and Lum Ling Chun, all of whom are Independent Third Parties.

Premises: Shop B1, 20-30 Morrison Hill Road, Hong Kong.

Term: Two years from 1 March 2021 to 28 February 2023 (both days inclusive).

The aggregate value of consideration payable: Not less than approximately HK\$1,704,000, 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.

Reasons for and benefits of Renewal of Tenancy Agreement of Shop MH20-30:

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 said premises as it will enable the Group to secure its stable operation at the said premises 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 MH20-30 (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 MH20-30 are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(vii) Entering the Tenancy Agreement of Shop 336:

On 4 February 2021, Central Sky Holdings Limited (a wholly-owned subsidiary of the Company) as tenant finalised the terms with Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited as the agent for the owner to enter a tenancy agreement for operation of retail store of retail business of the Group (“Entering the Tenancy Agreement of Shop 336”).

Principal terms of Entering the Tenancy Agreement of Shop 336:

Effective date:	20 March 2021
Parties:	(i) Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, as agent for the owner; and (ii) Central Sky Holdings 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.
Premises:	Shop No. 336 on level 3 of 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong.
Term:	Two years from 20 March 2021 to 19 March 2023 (both days inclusive).
The aggregate value of consideration payable:	Not less than approximately HK\$3,235,000, 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 will enjoy a 30 days’ 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 said premises during and for the rental payable month (without any deduction) exceeds the basic rental.

Reasons for and benefits of Entering the Tenancy Agreement of Shop 336:

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 said premises as it is located close to the existing retail stores and create synergies with the Group’s existing retail network. It will also enable the Group to expand its retail network at a relatively lower cost, and lay the foundation for future growth in the long term.

The terms of Entering the Tenancy Agreement of Shop 336 (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. The Board considers that the terms of Entering the Tenancy Agreement of Shop 336 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.

(viii) Renewal of Tenancy Agreement of Shop 345:

On 10 February 2021, 228 Inc Limited (a wholly-owned subsidiary of the Company) as tenant finalised the renewal terms with Sun Hung Kai Real Estate (Sales and Leasing) 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 345”).

Principal terms of Renewal of Tenancy Agreement of Shop 345:

Effective date:	14 February 2021
Parties:	(i) Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, as agent for the owner; and (ii) 228 Inc 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.
Premises:	Shop No. 345 on level 3 of 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong.
Term:	Two years from 14 February 2021 to 13 February 2023 (both days inclusive).
The aggregate value of consideration payable:	Not less than approximately HK\$1,857,000, 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 345:

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 said premises as it will enable the Group to secure its stable operation at the said premises 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 345 (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 345 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 the tenancy agreements:

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 those premises. Accordingly, all the above renewal of tenancy agreements/entering of tenancy agreements are regarded as acquisition of asset 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 each of the above renewal of tenancy agreements/entering of tenancy agreements exceed 5% but are below 25%, each of transactions constituted 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 announcements of the Company dated 8 July 2020, 10 July 2020, 30 September 2020, 4 November 2020, 6 November 2020, 13 January 2021, 29 January 2021, 4 February 2021 and 10 February 2021.

Save as otherwise disclosed, there were neither significant investments held as at 31 March 2021 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 2021, the Group had cash and bank balances of approximately HK\$17,557,000 (2020: HK\$7,750,000). The gearing ratio of the Group, calculated as total bank borrowings over total equity, was nil as at 31 March 2021 (2020: Nil), as the Group mainly financed the operations from internally generated funds and had no bank borrowings as at 31 March 2021 (2020: 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.

Treasury Policies

The Group adopts a conservative treasury policy. As financial management, sales proceed is immediately deposit to reputable and creditworthy banks to ensure security, liquidity and for meeting future funding requirements.

Capital Structure

The capital of the Group comprises only ordinary shares. As at 31 March 2021, there were 451,035,713 ordinary shares in issue.

Total equity attributable to the owners of the Company amounted to approximately HK\$24,650,000 as at 31 March 2021 (2020: HK\$16,493,000).

Contingent Liabilities

As at 31 March 2021, save as otherwise disclosed, the Group did not have any material contingent liabilities (2020: 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 2021, there was no charges on the Group's assets (2020: Nil).

Capital Commitments

As at 31 March 2021, the Group did not have any significant capital commitments (2020: Nil).

Dividend

The Board does not recommend the payment of any dividend for the Financial Year (2020: 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\$16,963,000 (2020: HK\$16,053,000).

As at 31 March 2021, the Group had 49 employees (2020: 45 employees).

Remuneration Policies

The remuneration payable to the employees includes salaries and allowances. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group.

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 2021, 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)	46.56%
Mr. Hue Kwok Chiu	Beneficial Owner	45,000,000	9.98%

Note:

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 2021, 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 2021, 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)	Interest of spouse	45,000,000	9.98%

Note:

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 2021, 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 2021, 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 2021, 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 2021 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, 23 June 2021

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.