



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 2022

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(THE “STOCK EXCHANGE”)

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This announcement, for which the directors (the “Directors”) of E Lighting Group Holdings Limited (the “Company” or “E Lighting”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 2022:

- Revenue was approximately HK\$83,891,000 for the year ended 31 March 2022, representing an increase of approximately 2.0% 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\$2,395,000 for the year ended 31 March 2022.
- Profit per share was approximately HK0.53 cents for the year ended 31 March 2022.
- The board of Directors does not recommend the payment of final dividend for the year ended 31 March 2022.

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 2022, together with the comparative figures for the preceding year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

| | Notes | 2022 HK\$'000 | 2021 HK\$'000 |
|-----------------------------------------------------------------------------------------------------|-------|---------------------|------------------|
| Revenue | 5 | 83,891 | 82,227 |
| Cost of sales | | <u>(37,652)</u> | <u>(38,173)</u> |
| Gross profit | | 46,239 | 44,054 |
| Other income, gains and losses | 6 | 305 | 2,147 |
| Selling and distribution expenses | | (27,422) | (23,005) |
| Administrative and other expenses | | (15,373) | (14,169) |
| Expected credit losses recognised on financial assets | | (1,139) | (121) |
| Interest on lease liabilities | | <u>(761)</u> | <u>(642)</u> |
| Profit before income tax | 7 | 1,849 | 8,264 |
| Income tax credit/(expense) | 9 | <u>546</u> | <u>(107)</u> |
| Profit and total comprehensive income for the year attributable to the owners of the Company | | <u>2,395</u> | <u>8,157</u> |
| Earnings per share | 11 | | |
| - Basic and diluted (HK cents) | | <u>0.53</u> | <u>1.81</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

| | Notes | 2022 HK\$'000 | 2021 HK\$'000 |
|----------------------------------------------|-------|------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 383 | 61 |
| Right-of-use assets | 12 | 18,804 | 18,129 |
| Rental deposits | 13 | 2,540 | 3,808 |
| Deferred tax assets | | 970 | 238 |
| Total non-current assets | | <u>22,697</u> | <u>22,236</u> |
| Current assets | | | |
| Inventories | | 10,955 | 7,891 |
| Trade and other receivables | 13 | 6,843 | 6,290 |
| Cash and bank balances | | 13,855 | 17,557 |
| Total current assets | | <u>31,653</u> | <u>31,738</u> |
| Total assets | | <u>54,350</u> | <u>53,974</u> |
| Current liabilities | | | |
| Trade and other payables | 14 | 5,648 | 7,355 |
| Contract liabilities | 15 | 1,268 | 1,058 |
| Lease liabilities | | 13,758 | 11,844 |
| Current tax liabilities | | 40 | 258 |
| Total current liabilities | | <u>20,714</u> | <u>20,515</u> |
| Net current assets | | <u>10,939</u> | <u>11,223</u> |
| Total assets less current liabilities | | <u>33,636</u> | <u>33,459</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 6,591 | 8,809 |
| Total non-current liabilities | | <u>6,591</u> | <u>8,809</u> |
| Total liabilities | | <u>27,305</u> | <u>29,324</u> |
| NET ASSETS | | <u>27,045</u> | <u>24,650</u> |
| EQUITY | | | |
| Share capital | 16 | 4,510 | 4,510 |
| Reserves | | 22,535 | 20,140 |
| TOTAL EQUITY | | <u>27,045</u> | <u>24,650</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserve HK\$'000 | Accumulated losses HK\$'000 | Total equity HK\$'000 |
|---------------------------------------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------------|-----------------------------|
| 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 and 1 April 2021 | 4,510 | 67,066 | 2 | (46,928) | 24,650 |
| Profit and total comprehensive income for the year | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,395</u> | <u>2,395</u> |
| As at 31 March 2022 | <u>4,510</u> | <u>67,066</u> | <u>2</u> | <u>(44,533)</u> | <u>27,045</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 November 2013 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and its principal place of business in Hong Kong is 10/F, Tiffan Tower, 199 Wanchai Road, Wanchai, Hong Kong.

The Company's issued shares have been listed on GEM of the Stock Exchange since 29 September 2014.

The Company's principal activity is investment holding while the Group is principally engaged in retail chain business in lighting, designer label furniture and household products in Hong Kong and wholesale of tableware, giftware and other trading.

In prior years, expected credit losses recognised on financial assets were included in other income, gains and losses. From current year onwards, the expected credit losses recognised on financial assets would be separately presented on the consolidated statement of profit or loss and other comprehensive income to reflect its individual impact on the Group's financial performance. Certain comparative figures have been reclassified to conform with the current year's presentation.

The Group's financial statements for the year ended 31 March 2022 were approved and authorised for issue by the Board on 23 June 2022.

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 GEM Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(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 2021

In the current year, the Group has applied for the first time for following amendments to HKFRSs issued by HKICPA, which are relevant to and effective for the Group's financial statements for annual period beginning on 1 April 2021:

| | |
|----------------------------------------------------------------|-------------------------------------------------------|
| 2021 Amendments to HKFRS 16 | COVID-19 Related Rent Concessions Beyond 30 June 2021 |
| Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16 | Interest Rate Benchmark Reform — Phase 2 |

The amendments to HKFRSs that are effective from 1 April 2021 did not have any significant impact on the Group's accounting policies or financial results and financial position.

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

The following new or revised 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. The Group's current intention is to apply these changes on the date they become effective.

| | |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use ¹ |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract ¹ |
| Annual Improvements to HKFRSs 2018–2020 Cycle | Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Leases ¹ |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ² |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-Current ³ |
| HK-Interpretation 5 (2020) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³ |
| Amendments to HKAS1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ³ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ³ |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³ |

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

² Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

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

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 business | : 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 2022

| | Lighting and furniture business HK\$'000 | Tableware, giftware and other business HK\$'000 | Total HK\$'000 |
|------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------|---------------------------|
| Revenue from external customers | <u>83,420</u> | <u>471</u> | <u>83,891</u> |
| Reportable segment result | <u>19,486</u> | <u>(1,497)</u> | <u>17,989</u> |
| Other segment information: | | | |
| Depreciation of property, plant and equipment | 227 | - | 227 |
| Depreciation of right-of-use assets | 13,070 | - | 13,070 |
| Impairment loss on property, plant and equipment | 8 | - | 8 |
| Impairment loss on right-of-use assets | 415 | - | 415 |
| Additions to property, plant and equipment | 557 | - | 557 |
| Additions to right-of-use assets | 3,867 | - | 3,867 |
| Expected credit losses recognised on trade and other receivables | <u>62</u> | <u>1,077</u> | <u>1,139</u> |

4. SEGMENT INFORMATION (Continued)

(a) Business segment (Continued)

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 | <u>121</u> | <u>-</u> | <u>121</u> |

(b) Reconciliation of reportable segment results

| | 2022 HK\$'000 | 2021 HK\$'000 |
|--------------------------------------------------------------------------|--------------------------|--------------------------|
| Reportable segment result | 17,989 | 23,226 |
| Other gains or losses – impairment loss on property, plant and equipment | - | (2) |
| Other gains or losses – impairment loss on right-of-use assets | (6) | (150) |
| Interest on lease liabilities | (761) | (642) |
| Unallocated warehousing and general office expenses | (11,269) | (10,448) |
| Other unallocated corporate expenses (note) | (4,104) | (3,720) |
| Consolidated profit before income tax | <u>1,849</u> | <u>8,264</u> |

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

4. SEGMENT INFORMATION (Continued)

(c) Segment assets and liabilities

| | 2022 HK\$'000 | 2021 HK\$'000 |
|----------------------------------------|------------------|------------------|
| Assets | | |
| Lighting and furniture business | 52,749 | 51,223 |
| Tableware, giftware and other business | 1,601 | 2,751 |
| Consolidated total assets | <u>54,350</u> | <u>53,974</u> |
| Liabilities | | |
| Lighting and furniture business | 26,735 | 29,185 |
| Tableware, giftware and other business | 570 | 139 |
| Consolidated total liabilities | <u>27,305</u> | <u>29,324</u> |

(d) Geographic information

The following table provides an analysis of the Group's revenue from external customers, determined based on location of the customers:

| | 2022 HK\$'000 | 2021 HK\$'000 |
|-------------------------------|------------------|------------------|
| Hong Kong (place of domicile) | 83,492 | 76,226 |
| North America | 399 | 6,001 |
| | <u>83,891</u> | <u>82,227</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 2022 (2021: Nil).

5. REVENUE

Disaggregation of revenue

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

| | 2022 HK\$'000 | 2021 HK\$'000 |
|----------------------------------------------------|----------------------|----------------------|
| Revenue from contracts with customers: | | |
| Sales of lighting and furniture products | 83,420 | 76,091 |
| Sales of tableware and giftware and other products | <u>471</u> | <u>6,136</u> |
| | <u>83,891</u> | <u>82,227</u> |
| Timing of revenue recognition: | | |
| At a point in time | <u>83,891</u> | <u>82,227</u> |

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

| | 2022 HK\$'000 | 2021 HK\$'000 |
|--------------------------------|------------------|------------------|
| Trade receivables (note 13) | 367 | 335 |
| Contract liabilities (note 15) | <u>1,268</u> | <u>1,058</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.

The contract liabilities mainly relate to the advance consideration received from customers. Contract liabilities of the HK\$395,000 as of 1 April 2021 has been recognised as revenue for the year ended 31 March 2022 (2021: contract liabilities of the HK\$266,000 as of 1 April 2020 has been recognised as revenue for the year ended 31 March 2021).

6. OTHER INCOME, GAINS AND LOSSES

| | 2022 HK\$'000 | 2021 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 | (421) | (1,762) |
| Impairment loss on property, plant and equipment | (8) | (160) |
| Others (note c) | 734 | 732 |
| | 305 | 2,147 |

Notes:

- (a) The amount for the year ended 31 March 2021 represented 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. The Group did not have any unfulfilled obligations relating to this scheme.
- (b) The amount for the year ended 31 March 2021 represented 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, an one-off subsidy of HK\$80,000 was granted to the Group’s each eligible retail store. The Group did not have any unfulfilled obligations relating to this scheme.
- (c) During the year ended 31 March 2022, the Group recognised negative variable lease payments of HK\$387,000 (2021: HK\$396,000) in others under other income, gains and losses in respect of the Covid-19-related rent concessions provided by lessors.

7. PROFIT BEFORE INCOME TAX

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

| | 2022 HK\$'000 | 2021 HK\$'000 |
|----------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Auditor’s remuneration | 680 | 620 |
| Carrying amount of inventories sold (Reversal of provision)/provision for impairment loss on inventories | 31,664 (216) | 32,673 178 |
| Cost of inventories recognised as expenses | 31,448 | 32,851 |
| Depreciation of property, plant and equipment | 227 | 230 |
| Depreciation of right-of-use assets | 13,070 | 10,050 |
| Lease expenses | | |
| - short-term leases expenses | 1,598 | 2,537 |
| - variable lease payments | 68 | 34 |
| Expected credit losses recognised on | | |
| - trade receivables | 62 | 121 |
| - other receivables | 1,077 | - |

8. EMPLOYEE COSTS

| | 2022 HK\$'000 | 2021 HK\$'000 |
|--------------------------------------------------------------|------------------|------------------|
| Employee costs (including directors emoluments) comprise: | | |
| Salaries and other benefits | 18,453 | 16,376 |
| Contributions to defined contribution retirement plan (note) | <u>662</u> | <u>587</u> |
| | <u>19,115</u> | <u>16,963</u> |

Note: For the year ended 31 March 2022, no forfeited contribution in respect of the defined contribution retirement plan was utilised by the Group to reduce the contribution payable to the plans (2021: Nil). As at 31 March 2022, no forfeited contribution under this plan is available to reduce future contribution (2021: Nil).

9. INCOME TAX (CREDIT)/EXPENSE

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

| | 2022 HK\$'000 | 2021 HK\$'000 |
|----------------------------------------------------|------------------|------------------|
| Current tax – Hong Kong Profits Tax | | |
| - charge for the year | 115 | 111 |
| - Under/(over)-provision in respect of prior years | <u>71</u> | <u>(6)</u> |
| | 186 | 105 |
| Deferred tax | <u>(732)</u> | <u>2</u> |
| Income tax (credit)/expense | <u>(546)</u> | <u>107</u> |

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 16.5%) on the Group's estimated assessable profits arising in Hong Kong for the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2 million of assessable profits of the qualifying entity is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

10. DIVIDENDS

The Board does not recommend payment of any dividend for the year ended 31 March 2022, nor has any dividend been proposed since the end of reporting period (2021: Nil).

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

| | 2022 HK\$'000 | 2021 HK\$'000 |
|-------------------------------------------------------------------------------------------------------|--------------------------------|------------------|
| Earnings: | | |
| Profit for the year attributable to owners of the Company | <u>2,395</u> | <u>8,157</u> |
| | 2022 '000 | 2021 '000 |
| Number of shares: | | |
| Weighted average number of shares for the purpose of calculating basic and diluted earnings per share | <u>451,036</u> | <u>451,036</u> |

Notes:

- (i) Basic earnings per share was calculated by dividing the profit 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 2022 and 2021, diluted earnings per share was the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2022 and 2021.

12. RIGHT-OF-USE ASSETS

| | Properties leased for own use HK\$'000 |
|-------------------------------------------------------|-----------------------------------------------------------|
| Cost | |
| As at 1 April 2020 | 21,035 |
| Additions | 8,773 |
| Lease modification | <u>11,602</u> |
| As at 31 March 2021 and 1 April 2021 | 41,410 |
| Additions | 3,867 |
| Lease modification | <u>10,299</u> |
| As at 31 March 2022 | <u>55,576</u> |
| Accumulated depreciation and impairment losses | |
| As at 1 April 2020 | 11,469 |
| Depreciation | 10,050 |
| Impairment loss recognised (Note) | <u>1,762</u> |
| As at 31 March 2021 and 1 April 2021 | 23,281 |
| Depreciation | 13,070 |
| Impairment loss recognised (Note) | <u>421</u> |
| As at 31 March 2022 | <u>36,772</u> |
| Net book value | |
| As at 31 March 2021 | <u>18,129</u> |
| As at 31 March 2022 | <u>18,804</u> |

Note:

The impairment loss related to right-of-use assets amounting to HK\$421,000 (2021: HK\$1,762,000) has been recognised and recorded in other income, gains and losses to write down the carrying amount of the cash-generating units (“CGUs”) to its recoverable amount. For the purpose of impairment testing, the Group’s 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 of the remaining lease periods from formally approved budgets and adopted pre-tax discount rate of 18.42% (2021: 12.48%). The key assumptions for the value-in-use calculations are budgeted gross margin of 46% to 55% (2021: 30% to 58%), growth rate of 0% to 12.1% (2021: 3% to 6.1%) and wage inflation of 3% (2021: 3%). The budgeted gross margin and growth rate are determined based on the CGU’s past performance and management’s expectations regarding market development. Wage inflation has been estimated with reference to the independent economic data published by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region.

As COVID-19 pandemic continues to spread in China and Hong Kong, there have been significant impacts to consumer sentiment and product demand, which adversely affect the Group’s certain retail business performance. Accordingly, this had an 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

| | 2022 HK\$'000 | 2021 HK\$'000 |
|-------------------------------------|---------------------|---------------------|
| Trade receivables | 367 | 355 |
| Deposits and other receivables | 8,078 | 6,051 |
| Prepayments | 938 | 3,692 |
| Total | <u>9,383</u> | <u>10,098</u> |
| Less: non-current – rental deposits | <u>(2,540)</u> | <u>(3,808)</u> |
| | <u><u>6,843</u></u> | <u><u>6,290</u></u> |

Trade receivables are non-interest bearing. The average credit period on sales of goods is ranged from 0 - 30 days from invoice date. At the end of reporting period, ageing analysis of the trade receivables (net of impairment losses of HK\$345,000 (2021: HK\$283,000)), based on invoice date, is as follows:

| | 2022 HK\$'000 | 2021 HK\$'000 |
|----------------|------------------|------------------|
| Within 30 days | 188 | 185 |
| 31 to 90 days | 77 | 117 |
| 91 to 180 days | 70 | 29 |
| Over 180 days | 32 | 24 |
| | <u>367</u> | <u>355</u> |

14. TRADE AND OTHER PAYABLES

| | 2022 HK\$'000 | 2021 HK\$'000 |
|-----------------------------|------------------|------------------|
| Trade payables | 2,712 | 4,581 |
| Accruals and other payables | 2,936 | 2,774 |
| | <u>5,648</u> | <u>7,355</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 date, is as follows:

| | 2022 HK\$'000 | 2021 HK\$'000 |
|----------------|------------------|------------------|
| Within 30 days | 1,436 | 1,714 |
| 31 to 60 days | 635 | 1,301 |
| 61 to 90 days | 610 | 1,268 |
| Over 90 days | 31 | 298 |
| | <u>2,712</u> | <u>4,581</u> |

15. CONTRACT LIABILITIES

| | 2022 HK\$'000 | 2021 HK\$'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Contract liabilities arising from lighting and furniture business | <u>1,268</u> | <u>1,058</u> |
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Movements in contract liabilities: | | |
| Balance at the beginning of the year | 1,058 | 873 |
| 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 | (395) | (266) |
| Increase in contract liabilities as a result of advanced consideration received from customers | <u>605</u> | <u>451</u> |
| Balance at the end of the year | <u><u>1,268</u></u> | <u><u>1,058</u></u> |

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 2020, 31 March 2021 and 31 March 2022 | <u>1,000,000,000</u> | <u>10,000</u> |
| Issued and fully paid: | | |
| As at 1 April 2020, 31 March 2021 and 31 March 2022 | <u>451,035,713</u> | <u>4,510</u> |

17. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with its related parties during the years ended 31 March 2022 and 2021:

Compensation of key management personnel

Key management personnel includes directors and senior management. The compensation paid or payable to key management personnel for employee services is shown below:

| | 2022 HK\$'000 | 2021 HK\$'000 |
|-------------------------------------------------------|------------------|------------------|
| Salaries and other benefits | 6,657 | 5,962 |
| Contributions to defined contribution retirement plan | 134 | 125 |
| | <u>6,791</u> | <u>6,087</u> |

18. EVENTS AFTER THE REPORTING PERIOD

The Hong Kong Legislative Council has, on 9 June 2022, passed the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the "Bill") to abolish the MPF offsetting mechanism. It is envisaged that the cancellation of mechanism will not come into effect until 2025 at the earliest.

The abolishment of the MPF offsetting mechanism will not have retrospective effect, and the Bill will not change the rate and maximum payment of statutory severance payments or long service payments, which is currently calculated as 2/3 of the employee's last monthly wages (capped at HK\$22,500), and subject to the maximum limit of HK\$390,000.

The Group has already commenced an assessment of the impact of the Bill to the Group. The Group is not yet in a position to state whether the abolishment of the MPF offsetting mechanism will result in substantial change to the Group's financial statements.

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 groups 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 2022 (the “Financial Year”), the Group timely adjusted its product strategies and actively carried out promotion activities. Moreover, two new retail stores were opened in Shatin and Kowloon Bay in April 2021 and May 2021 respectively and the launch of the new shops further increases 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\$83,420,000, accounted for approximately 99.4% 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, giftware and other business was approximately HK\$471,000, accounted for approximately 0.6% of the Group’s revenue.

Future Outlook

With reference to the monthly figures released by the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (the “Government”), the value of total retail sales continued to grow for 12 consecutive months from February 2021 to January 2022 over the previous year, but commences to drop in February and March 2022.

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. 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 the meantime, the Group is actively developing smart home and related products and closely looking for new opportunities for those businesses.

Looking forward, housing is one of the biggest concerns and needs 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\$83,891,000, representing an increase of approximately 2.0% from approximately HK\$82,227,000 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\$83,420,000, representing an increase of approximately 9.6% from approximately HK\$76,091,000 as compared with that of the preceding year.

During the Financial Year, revenue of the tableware, giftware and other business was approximately HK\$471,000, representing a decrease of approximately 92.3% from approximately HK\$6,136,000 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\$46,239,000, representing an increase of approximately 5.0% from approximately HK\$44,054,000 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 55.1%.

Selling and Distribution Expenses

During the Financial Year, the Group's selling and distribution expenses was approximately HK\$27,422,000, representing an increase of approximately 19.2% from approximately HK\$23,005,000 as compared with that of the preceding year. Selling and distribution expenses primarily consists of rentals for retail outlets and related expenses, depreciation on right-of-use assets, staff costs (including salaries and sales commission to salespersons and electronic payment charges). The increase was primarily due to increase in staff costs and depreciation on right-of-use assets.

Administrative and Other Expenses

During the Financial Year, the Group's administrative and other expenses was approximately HK\$15,373,000, representing an increase of approximately 8.5% from approximately HK\$14,169,000 as compared with that of the preceding year. Administrative and other expenses primarily consists of rentals for warehousing facilities, depreciation of right-of-use assets of office premises, staff costs (including salaries to administrative staff and emoluments to Directors) and professional expenses. The increase was primarily due to increase in staff costs.

Profit for the Year

The Group recorded a profit of approximately HK\$2,395,000 during the Financial Year (2021: profit of approximately HK\$8,157,000).

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

(i) Renewal of Tenancy Agreement of Shatin Shop 335:

On 14 September 2021 (after trading hours), E Lighting Group 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 Shatin Shop 335”).

Principal terms of Renewal of Tenancy Agreement of Shatin Shop 335:

Effective date: 1 October 2021

Parties: (i) Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, as agent for the owner; and
(ii) E Lighting Group Limited, as tenant.

The agent for the owner is a company incorporated in Hong Kong, 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”).

Premises: Shop No. 335 on level 3 of 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong

Term: Three years from 1 October 2021 to 30 September 2024 (both days inclusive)
The aggregate value of consideration payable: Not less than approximately HK\$5,635,000, 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 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 Shatin 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. 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 Shatin 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 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 Shatin Shop 335 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.

Implications under the GEM Listing Rules of Renewal of Tenancy Agreement of Shatin 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 premises. Accordingly, Renewal of Tenancy Agreement of Shatin 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 Shatin 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 14 September 2021.

(ii) Renewal of Tenancy Agreement of Shatin Shop 308:

On 25 October 2021 (after trading hours), Culture Art 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 Shatin Shop 308”).

Principal terms of Renewal of Tenancy Agreement of Shatin Shop 308:

| | |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Effective date: | 3 November 2021 |
| Parties: | (i) Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, as agent for the owner; and (ii) Culture Art Limited, as tenant. The agent for the owner is a company incorporated in Hong Kong, 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 landlord and its respective ultimate beneficial owners are the Independent Third Parties. |
| Premises: | Shop No. 308 on level 3 of 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong |
| Term: | Two and half years from 3 November 2021 to 2 May 2024 (both days inclusive) |
| The aggregate value of consideration payable: | Not less than approximately HK\$2,992,000, being the monthly rental in aggregate for the term of two and half 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 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 Shatin 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. 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 Shatin 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 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 Shatin Shop 308 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.

Implications under the GEM Listing Rules of Renewal of Tenancy Agreement of Shatin 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 premises. Accordingly, Renewal of Tenancy Agreement of Shatin 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 Shatin 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 25 October 2021.

(iii) Renewal of Tenancy Agreement of Wanchai Shop 56:

On 3 March 2022 (after trading hours), Element Lighting Design Limited (a wholly-owned subsidiary of the Company) as tenant finalised the renewal terms with Garwick Development 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 Wanchai Shop 56").

Principal terms of Renewal of Tenancy Agreement of Wanchai Shop 56:

| | |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Effective date: | 8 March 2022 |
| Parties: | (i) Garwick Development Limited, as landlord; and (ii) Element Lighting Design 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 of the premises and their respective ultimate beneficial owners (Miss Liu Tong Rita, Mr. Liu Wai Lun Jeffrey and Miss Liu Wai Fun Jennifer) are the Independent Third Parties. |
| Premises: | G/F & Cockloft, 56 Morrison Hill Road, Wanchai, Hong Kong |
| Term: | Two years from 8 March 2022 to 7 March 2024 (both days inclusive) |
| The aggregate value of consideration payable: | Not less than HK\$2,250,000, 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 Wanchai Shop 56:

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 Wanchai Shop 56 (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 Wanchai Shop 56 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.

Implications under the GEM Listing Rules of Renewal of Tenancy Agreement of Wanchai Shop 56:

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 premises. Accordingly, Renewal of Tenancy Agreement of Wanchai Shop 56 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 Wanchai Shop 56 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 3 March 2022.

Save as otherwise disclosed, there were neither significant investments held as at 31 March 2022 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 2022, the Group had cash and bank balances of approximately HK\$13,855,000 (2021: HK\$17,557,000). The gearing ratio of the Group, calculated as total bank borrowings over total equity, was nil as at 31 March 2022 (2021: Nil), as the Group mainly financed the operations from internally generated funds and had no bank borrowings as at 31 March 2022 (2021: 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 2022, there were 451,035,713 ordinary shares in issue.

Total equity attributable to the owners of the Company amounted to approximately HK\$27,045,000 as at 31 March 2022 (2021: HK\$24,650,000).

Contingent Liabilities

As at 31 March 2022, save as otherwise disclosed, the Group did not have any material contingent liabilities (2021: 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 2022, there was no charges on the Group's assets (2021: Nil).

Capital Commitments

As at 31 March 2022, the Group did not have any significant capital commitments (2021: Nil).

Dividend

The Board does not recommend the payment of any dividend for the Financial Year (2021: 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\$19,115,000 (2021: HK\$16,963,000).

As at 31 March 2022, the Group had 50 employees (2021: 49 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 2022, 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 2022, 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 2022, 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 2022, 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 2022, 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 2022, 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

The Hong Kong Legislative Council has, on 9 June 2022, passed the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the "Bill") to abolish the MPF offsetting mechanism. It is envisaged that the cancellation of mechanism will not come into effect until 2025 at the earliest.

The abolishment of the MPF offsetting mechanism will not have retrospective effect, and the Bill will not change the rate and maximum payment of statutory severance payments or long service payments, which is currently calculated as 2/3 of the employee's last monthly wages (capped at HK\$22,500), and subject to the maximum limit of HK\$390,000.

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, consolidated statement of changes in equity 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, 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 2022 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 2022

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 be published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.elighting.asia.