易生活控股有限公司
Elife Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 223)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board of directors (the "Board") of Elife Holdings Limited (the "Company", together with its subsidiaries, the "Group") hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2017 together with the comparative figures of the corresponding period for 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	4	**33,967**	19,043
Cost of sales		**(31,829)**	(18,892)
Gross profit		**2,138**	151
Other income	5	**1,105**	1,412
Other (losses)/gains	5	**(177)**	4,133
Share-based payment		**(45,684)**	–
Other operating expenses		**(44,220)**	(21,178)
Share of results of associates		**(2,517)**	(5,962)
Loss from operating activities		**(89,355)**	(21,444)
Finance costs	6	**–**	(1,307)
Loss before tax		**(89,355)**	(22,751)
Taxation	7	**(4)**	–

	Notes	Six months ended 30 September 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Loss for the period		**(89,359)**	(22,751)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation foreign operations		**4,935**	(1,366)
Share of exchange differences of associates		**21**	(146)
Other comprehensive income/(loss) for the period		**4,956**	(1,512)
Total comprehensive loss for the period		**(84,403)**	(24,263)
Loss for the period attributable to:			
Owners of the Company		**(81,903)**	(20,975)
Non-controlling interests		**(7,456)**	(1,776)
		(89,359)	(22,751)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(77,015)**	(22,422)
Non-controlling interests		**(7,388)**	(1,841)
		(84,403)	(24,263)
Loss per share			
– Basic	9	**(1.66) cents**	(0.52) cents
– Diluted	9	**(1.66) cents**	(0.51) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	**As at 30 September 2017 *HK$'000* (Unaudited)**	As at 31 March 2017 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**34,238**	28,725
Interests in associates		**3,217**	5,712
Goodwill		**24,571**	1,379
Available-for-sale financial asset		**1**	1
		62,027	35,817
Current assets			
Trade and bill receivables	10	**9,897**	196
Inventories		**5,623**	–
Deposits, prepayments and other receivables	11	**215,172**	182,195
Cash and cash equivalents		**53,128**	132,453
Total current assets		**283,820**	314,844
Less: Current liabilities			
Accrued liabilities and other payables	12	**23,815**	13,189
Amounts due to shareholders	13	**14,670**	–
Amounts due to non-controlling interests	13	**8,370**	–
Total current liabilities		**46,855**	13,189
Net current assets		**236,965**	301,655
Total assets less current liabilities		**298,992**	337,472
Net assets		**298,992**	337,472
Capital and reserves			
Share capital	15	**51,452**	48,921
Reserves		**267,160**	300,632
		318,612	349,553
Non-controlling interests		**(19,620)**	(12,081)
Total equity		**298,992**	337,472

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. CORPORATE INFORMATION

Elife Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Suite 2502, 25/F, No. 9 Queen's Road Central, Central, Hong Kong.

The principal activities of the Company is investment holding. The principal activities of its subsidiaries are engaged into the services provider of the smart terminal for retail stores in China and trading businesses across Asia and developing its business into the consumer product market which conform to the Group's business principle of "making life easier and benefit people's livehood" (易生活 • 惠民生).

This condensed consolidated interim financial statement has not been audited.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 of the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). These condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

These condensed consolidated interim financial statements should be read in conjunction with the Group's audited annual financial statements for the year ended 31 March 2017.

The accounting policies and method of computation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2017 except that the Group has adopted certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations) as disclosed in Note 3 below.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies used in the preparation of the interim financial information are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 March 2017, included in the annual report of the Group for the year ended 31 March 2017.

(a) Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The following revised standards and amendment to standard are mandatory for the first time for the financial year beginning on 1 April 2017.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The directors anticipate that the application of these new and revised HKFRSs will not have material impact on the unaudited condensed consolidated interim financial statements of the Group.

(b) Standards and amendments in issue but not yet effective

The Group has not applied in advance the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014 – 2016 Cycle[4]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (Amendments)	Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKAS 40 (Amendments)	Transfer of Investment Property[1]
HK (IFRIC) – Int 22	Foreign Currently Transactions and Advance Consideration[1]

1 Effective for annual periods beginning on or after 1 April 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 April 2019, with earlier application permitted.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods on or after 1 January 2017 or 1 January 2018, as appropriate.

The Group has not yet applied new and revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations.

4. SEGMENT INFORMATION

The Group organised into three operating divisions: unconventional gas business, trading of commodities and esmart terminal business. These divisions are the basis on which the Group reports its segment information.

The three operating and reportable segments are as follows:

Unconventional gas business	Provision of services in connection with unconventional gas and import of technical equipment for the unconventional gas industry
Trading of commodities business	Provision of agency services and trading of commodities in the PRC, Hong Kong and overseas
Esmart terminal business	Provision of esmart terminal business in the PRC

Turnover

Turnover represents the aggregate of commodities sales and service fee.

An analysis of the Group's turnover are as follows:

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover		
Commodities sales	**32,301**	19,043
Service fee	**1,666**	–
	33,967	19,043

The commodities sales are mainly generated from consumer products of approximately HK$32,301,000 and aluminum-ingots and computer parts of approximately HK$19,043,000 for the period ended 30 September 2017 and 2016 respectively.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 September 2017 (Unaudited)

	Unconventional gas business	Trading of commodities	Esmart terminal business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
Turnover from external customers	**–**	**32,305**	**1,662**	**33,967**
Result				
Segment loss	**(6,657)**	**(7,488)**	**(15,044)**	**(29,189)**
Unallocated income				**41,151**
Unallocated corporate expenses				**(53,116)**
Share-base payment				**(45,684)**
Share of results of associates				**(2,517)**
Loss before tax				**(89,355)**
Taxation				**(4)**
Loss for the period				**(89,359)**

For the six months ended 30 September 2016 (Unaudited)

	Unconventional gas business *HK$'000*	Trading of commodities *HK$'000*	Consolidated *HK$'000*
Turnover			
Turnover from external customers	–	19,043	19,043
Result			
Segment loss	(3,458)	(4,116)	(7,574)
Unallocated income			5,554
Unallocated corporate expenses			(13,462)
Share of results of associates			(5,962)
Finance costs			(1,307)
Loss before tax			(22,751)
Taxation			–
Loss for the period			(22,751)

Turnover reported above represents revenue generated from external customers. There was no inter-segment sales in the period (six months ended 30 September 2016: HK$Nil).

Segment results represent the loss generated by each segment without allocation of corporate expenses, share-based payment, share of results of associates, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment measurement.

Segment assets and liabilities

As at 30 September 2017 (Unaudited)

	Unconventional gas business *HK$'000*	**Trading of commodities** *HK$'000*	**Esmart terminal business** *HK$'000*	**Consolidated** *HK$'000*
Assets				
Segment assets	**42,724**	**166,591**	**29,666**	**238,981**
Interests in associates				**3,217**
Unallocated corporate assets				**103,649**
				345,847
Liabilities				
Segment liabilities	**1,687**	**17,687**	**24,587**	**43,961**
Unallocated corporate liabilities				**2,894**
				46,855

As at 31 March 2017 (Audited)

	Unconventional gas business *HK$'000*	Trading of commodities *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	43,595	58,085	101,680
Interest in associates			5,712
Unallocated corporate assets			243,269
			350,661
Liabilities			
Segment liabilities	614	10,471	11,085
Unallocated corporate liabilities			2,104
			13,189

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate assets and interests in associates. Goodwill is allocated to reportable segments; and

- all liabilities are allocated to reportable segments other than corporate liabilities.

Other segment information

	Six months ended 30 September			
	Depreciation and amortisation		**Additions to non-current assets**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Unconventional gas business	**1,302**	1,284	**6**	11
Trading of commodities business	**281**	–	**1,128**	–
Esmart terminal business	**15**	–	**1,206**	–
Unallocated	**90**	89	**5**	–
	1,688	1,373	**2,345**	11

Geographical information

The Company is domiciled in Hong Kong. The Group's operations are mainly located in the PRC and Hong Kong. The following analysis of the Group's turnover by geographical area is disclosed for the periods ended 30 September 2017 and 2016.

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The PRC	**33,945**	18,513
Hong Kong	**22**	530
	33,967	19,043

The following is an analysis of the carrying amount of non-current assets (excluding interests in associates and available-for-sale financial asset) analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets	
	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The PRC	**51,940**	23,373
Hong Kong	**571**	665
Overseas	**6,298**	6,066
	58,809	30,104

5. OTHER INCOME AND OTHER (LOSSES)/GAINS

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**9**	2
Sundry income	**1,096**	1,410
	1,105	1,412
Other (losses)/gains		
Net exchange gains	**(177)**	(11)
Gain on disposal of shares	**–**	4,144
	(177)	4,133

6. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Imputed interest expenses on promissory note	**–**	1,307

7. TAXATION

	Six months ended 30 September 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Current tax		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprises Income Tax	**4**	–
	4	–
Deferred tax	**–**	–
	4	–

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2016: 16.5%) on the estimated assessable profit for the period. No provision for Hong Kong profit tax has been made as the Group had no estimated assessable profits arising in Hong Kong for the period ended 30 September 2017 and 2016.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

8. DIVIDENDS

The Board of the Company do not recommend a payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: HK$Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

Basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September 2017 (Unaudited)	2016 (Unaudited)
Loss for the period attributable to owners of the Company *(HK$'000)*	**(81,903)**	(20,975)
Weighted average number of ordinary shares in issue *('000)*	**4,946,880**	4,009,295
Basic loss per share *(HK cents per share)*	**(1.66)**	(0.52)

(b) Diluted

During the year period 30 September 2017, diluted loss per share is the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since it would result in an anti-dilutive effect on loss per share.

During the year period 30 September 2016, diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares being ordinary shares to be issued under the share options scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options under the share options scheme. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options scheme.

	Six months ended 30 September 2016 (Unaudited)
Loss for the period attributable to owners of the Company *(HK$'000)*	(20,975)
Weighted average number of ordinary shares in issue *('000)*	4,009,295
Adjustments for share options	67,034
Weighted average number of ordinary shares for diluted loss per shares *('000)*	4,076,329
Diluted loss per share *(HK cents per share)*	(0.51)

10. TRADE RECEIVABLES

According to the credit rating of different customers, the Group allows a range of credit periods not exceeding 90 days to its customers. The aged analysis of the trade receivables is as follows:

	As at 30 September 2017 ***HK$'000*** **(Unaudited)**	As at 31 March 2017 *HK$'000* (Audited)
0 to 30 days	**3,953**	–
31 to 60 days	**5,944**	–
61 to 90 days	**–**	–
91 to 180 days	**–**	16
Over 180 days	**–**	180
	9,897	196

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Deposits	**1,991**	1,328
Prepayments	**38,678**	12,717
Other receivables	**174,503**	168,150
	215,172	182,195

Pursuant to the disposal agreement for disposal of 10.5% of the issued share capital of Sino United Energy Investment Co., Ltd (the "Sale Shares"), the balance of the consideration of approximately HK$74,696,000 together with the shortfall (if any) (the "Sales Consideration") shall be payable by the Purchaser in cash within 100 business days after the receipt of the second consideration by the Vendor, one of the wholly-owned subsidiary of the Company. As the second consideration was received on 1 November 2016, the balance of the Sales Consideration should have been paid by the Purchaser in cash on or before 28 March 2017.

On 23 June 2017, the Vendor and the Purchaser entered into a supplemental agreement to the disposal agreement, pursuant to which the parties thereto agreed that the balance of the Sales Consideration shall be payable by the Purchaser in cash on or before 31 December 2017.

As at 30 September 2017, included in the other receivables of the captioned Sales Consideration of approximately HK$74,696,000 (31 March 2017: approximately HK$74,696,000). The Purchaser agreed to charge the sale shares in favour of the Group until full payment of the Sale Consideration.

In addition, included in the other receivables of approximately HK$58,652,000 (equivalent to RMB50,000,000) (31 March 2017: HK$56,377,000) was the performance deposit (the "Performance Deposit") paid to Zhongshang Huimin (Beijing) E-Commerce Co. Ltd. The Performance Deposit will be repaid in full within six months from the date of payment. On 11 September 2017, the supplement agreement entered to extend the repayment of Performance Deposit for further six months and will be repayable on or before 16 March 2018. The Performance Deposit is interest-free and unsecured by Mr. Zhang Yichun, a non-executive director and Vice-Chairman of the Company.

12. ACCRUED LIABILITIES AND OTHER PAYABLES

	As at 30 September 2017 HK$'000 (Unaudited)	As at 31 March 2017 HK$'000 (Audited)
Accrued liabilities	**2,588**	1,437
Other payables	**19,549**	11,752
Deposits received in advance	**1,678**	–
	23,815	13,189

13. AMOUNTS DUE TO SHAREHOLDERS

	As at 30 September 2017 HK$'000	As at 31 March 2017 HK$'000
Amount due to Zhang Xiaobin ("Mr. Zhang")	**2,295**	–
Amount due to Gao Feng ("Mr. Gao")	**11,700**	–
Amount due to Chiu Sui Keung ("Mr. Chiu")	**225**	–
Amount due to Shao Zili ("Mr. Shao")	**450**	–
	14,670	–

In relation to the acquisition of Admiral Glory Global Limited and its subsidiaries (the "Target Group"), Mr. Gao and other sellers undertake in the Share Purchase Agreement that they will provide the interest-free loan in the aggregate principal amount of HK$23,040,000 (the "Loan") to the Target Group for a term of three years, which may be extended by written agreement between the parties. The Loan has been provided on normal commercial terms or better and not to be secured by any assets or the Company or its subsidiaries. Mr. Zhang, Mr. Gao, Mr. Chiu and Mr. Shao are shareholders (as well as directors) of the Company, the amounts due of approximately HK$14,670,000 are disclosed separately. The remaining balances of approximately HK$8,370,000 are recorded as amounts due to non-controlling interests. The loan agreements for each shareholder and non-controlling interests have been signed on 12 July 2017 respectively.

14. PROMISSORY NOTE

Movements of the promissory note during the period/year are as follows:

	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At the beginning of the period/year	**–**	9,042
Imputed interest expenses charged *(Note)*	**–**	1,905
Repayment during the period/year *(Note)*	**–**	(10,947)
At the end of the period/year	**–**	–

Note:

On 29 September 2014, the Company issued a one-year non-interest bearing promissory note in the principal amount of HK$13,904,480 ("the PN") as part of the consideration under the acquisition of Wisdom Orchid Limited. The fair value of the PN I at the date of issue was estimated to be HK$11,930,000 based on the effective interest rate of 16.55% per annum.

On 31 August 2015, the Company entered into the second supplemental agreement with the vendor and vendor guarantor of Wisdom Orchid to cancel the PN and replaced by a new promissory note (the "Second PN") to be issued by the Company to the vendor on the same date. The principal amount of the Second PN is adjusted to HK$10,946,830 and the maturity date would be extended to 27 March 2016. The fair value of the Second PN at the date of issue was estimated to be HK$9,815,000 based on the effective interest rate of 20.14% per annum. The carrying amount of PN was derecognised of approximately HK$10,827,000 upon the exercise of Second PN.

On 24 March 2016, the Company entered into the third supplemental agreement with the vendor and vendor guarantor of Wisdom Orchid to cancel the Second PN and replaced by a new promissory note (the "Third PN") to be issued by the Company to the vendor on the same date. The principal amount of the Third PN was HK$10,946,830 (representing the outstanding principal amount of the Second PN as at 24 March 2016), and the maturity date will be extended to 31 December 2016. The fair value of the Third PN at the date of issue was estimated to be HK$8,992,000 based on the effective interest rate of 29.0% per annum. The carrying amount of Second PN was derecognised of approximately HK$10,931,000 upon the exercise of Third PN.

The Second and Third PN were subsequently measured at amortised cost using effective interest method. An imputed interest expense of Third PN approximately HK$1,905,000 was recognised in profit or loss for the year ended 31 March 2017.

During the year ended 31 March 2017, the Company settled all balance of the PN of approximately HK$10,947,000 upon maturity date.

The fair value of the promissory notes at the date of issuance and at the reporting date are determined by the directors of the Company with reference to the valuation performed by APAC Asset Valuation and Consulting Limited, an independent firm of professional valuers using discounted cash flow approach.

15. SHARE CAPITAL

	As at 30 September 2017 (Unaudited)		As at 31 March 2017 (Audited)	
	Number of shares	**Amounts**	Number of shares	Amounts
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each *(Notes (i))*	**30,000,000**	**300,000**	30,000,000	300,000
Issued and fully paid:				
At beginning of the period/year	**4,892,138**	**48,921**	3,964,130	39,641
Subscription of shares *(Notes (ii))*	**–**	**–**	864,826	8,648
Exercise of share options *(Notes (iii))*	**3,712**	**37**	63,182	632
Grant of shares under share award scheme *(Notes (iv))*	**249,370**	**2,494**	–	–
At end of the period/year	**5,145,220**	**51,452**	4,892,138	48,921

Notes:

(i) On 15 March 2017, the Company passed an ordinary resolution by the shareholders at the extraordinary general meeting to increase the authorised share capital of the Company from HK$60,000,000 divided into 6,000,000,000 shares to HK$300,000,000 divided into 30,000,000,000 shares by the creation of an additional 24,000,000,000 shares. It is to provide the Company with flexibility for fund raising by allotting and issuing new shares in the future as and when appropriate.

(ii) On 16 May 2016, the Company was successfully subscribed 60,000,000 shares of HK$0.01 each at a subscription price of HK$0.164 per share for a total consideration, before expenses, of approximately HK$9,840,000. The proceeds were used for general working capital purpose such as payment of staff costs, operating lease expenditure, the operation fund for trading of commodities and financing any potential investment shall such opportunity arise in the future.

On 18 November 2016, the Company was successfully subscribed 549,066,000 shares of HK$0.01 each at a subscription price of HK$0.225 per share for a total consideration, before expenses, of approximately HK$123,539,000. The proceeds is intended to use as the start-up capital for the strategic cooperation with Zhongshang Huimin (Beijing) E-Commerce Co. Ltd ("Huimin") and/or as working capital for business development and/or financing any future acquisitions or investments.

On 20 December 2016, the Company was successfully subscribed 138,000,000 shares and 117,760,000 shares of HK$0.01 each at a subscription price of HK$0.229 per share for a total consideration, before expenses, of approximately HK$58,569,000. The proceeds of is intended to use as the start-up capital for the strategic cooperation with Huimin for financing any potential investment or acquisition shall such opportunity arises in the future and/or general working capital purposes.

(iii) During the period ended 30 September 2017, 3,712,000 share options (31 March 2017: 63,182,000) had been exercised by holders at HK$0.105 (31 March 2017: HK$0.105 and HK$0.17) each for the issuance of shares. As a result of the exercise of share options, cash and cash equivalents, share capital and share premium have been increased by approximately HK$390,000 (31 March 2017: approximately HK$9,676,000), HK$37,000 (31 March 2017: approximately HK$632,000) and HK$514,000 (31 March 2017: approximately HK$13,686,000) respectively and share options reserve has been decreased by approximately HK$161,000 (31 March 2017: approximately HK$4,642,000).

(iv) On 27 June, 2017, the Board has resolved 249,370,000 awarded shares of HK$0.01 each (comprising (1) 234,140,000 awarded shares to be allotted and issued to the connected persons of the Company and (2) 15,230,000 awarded shares to other non-connected persons of the Company) to 18 selected participants under the new share award scheme by way of issue and allotment of new shares. On 17 August 2017, the Company passed the above ordinary resolution by the shareholders at the annual general meeting. On 22 August 2017, the Company issued the respective awarded shares at fair value of HK$0.142 per share.

16. SHARE-BASED PAYMENTS

Share Options Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and/or rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any directors and employees of the Company, including all executive directors of the Company and its subsidiaries. The Scheme became effective on 8 October 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. On 17 August 2017, the Company passed an ordinary resolution by the shareholders at the annual general meeting to amend certain provisions of the share option scheme.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share option in excess of this limit is subject to shareholders' approval in a general meeting.

The share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their subsidiaries, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted would be determined by the directors.

The exercise price of the share options would be determined by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options, which must be a business day; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer, provided that the subscription price shall not be lower than the nominal value of the shares.

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

Movement in share options during the period ended 30 September 2017 are as follows:

Category of Participants	Date of grant (Note (b))	Exercisable period (Note (a))	Exercisable price per share HK$	Outstanding at 1 April 2017	Number of share options: Granted during the year	Number of share options: Exercised during the year	Outstanding at 30 September 2017
Directors							
Mr. Zhang Xiaobin	16 December 2016	Period 4	0.285	45,000,000	–	–	45,000,000
Mr. Gao Feng	29 November 2012	Period 1	0.105	7,622,000	–	–	7,622,000
	22 September 2015	Period 2	0.17	16,000,000	–	–	16,000,000
	16 December 2016	Period 4	0.285	45,000,000	–	–	45,000,000
				68,622,000	–	–	68,622,000
Mr. Chiu Sui Keung	22 September 2015	Period 2	0.17	16,000,000	–	–	16,000,000
	16 December 2016	Period 4	0.285	45,000,000	–	–	45,000,000
				61,000,000	–	–	61,000,000
Mr. Zhang Yichun	20 October 2016	Period 3	0.3	30,000,000	–	–	30,000,000
	16 December 2016	Period 4	0.285	15,000,000	–	–	15,000,000
				45,000,000	–	–	45,000,000
Mr. Shao Zili	22 September 2015	Period 2	0.17	36,000,000	–	–	36,000,000
	16 December 2016	Period 4	0.285	24,000,000	–	–	24,000,000
				60,000,000	–	–	60,000,000
Mr. Xie Zhichun (Resigned on 10 July 2017)	16 December 2016	Period 4	0.285	45,000,000	–	–	45,000,000
Ms. Xu Ying	16 December 2016	Period 4	0.285	45,000,000	–	–	45,000,000
Mr. Cheng Wing Keung, Raymond	16 December 2016	Period 4	0.285	2,000,000	–	–	2,000,000
Mr. Lam Williamson	16 December 2016	Period 4	0.285	2,000,000	–	–	2,000,000
Mr. Wong Hoi Kuen	16 December 2016	Period 4	0.285	2,000,000	–	–	2,000,000
Dr. Lam Lee G.	20 October 2016	Period 3	0.3	2,362,000	–	–	2,362,000
	16 December 2016	Period 4	0.285	2,000,000	–	–	2,000,000
				4,362,000	–	–	4,362,000
			Sub-total	379,984,000	–	–	379,984,000

Category of Participants	Date of grant *(Note (b))*	Exercisable period *(Note (a))*	Exercisable price per share *HK$*	Outstanding at 1 April 2017	Number of share options Granted during the year	Exercised during the year	Outstanding at 30 September 2017
Employees of the Group							
In aggregate	29 November 2012	Period 1	0.105	43,030,000	–	(3,712,000)	39,318,000
	22 September 2015	Period 2	0.17	97,000,000	–	–	97,000,000
	20 October 2016	Period 3	0.3	39,000,000	–	–	39,000,000
	16 December 2016	Period 4	0.285	34,048,000	–	–	34,048,000
			Sub-total	213,078,000	–	(3,712,000)	209,366,000
Others							
In aggregate	22 September 2015	Period 2	0.17	1,600,000	–	–	1,600,000
	20 October 2016	Period 3	0.3	25,000,000	–	–	25,000,000
	27 June 2017	Period 5	0.21	–	146,760,000	–	146,760,000
			Sub-total	26,600,000	146,760,000	–	173,360,000
			Total	619,662,000	146,760,000	(3,712,000)	762,710,000
Weighted average exercise price (in HK$) *(Note (c))*				0.243	0.21	0.105	0.237

Movement in share options during the period ended 30 September 2016 are as follows:

Category of Participants	Date of grant *(Note (b))*	Exercisable period *(Note (a))*	Exercisable price per share *HK$*	Number of share options: Outstanding at 1 April 2016	Granted during period	Lapsed during period	Outstanding at 30 September 2016
Directors							
Mr. Zhang Xiaobin	22 September 2015	Period 2	0.17	36,000,000	–	–	36,000,000
Mr. Gao Feng	29 November 2012	Period 1	0.105	7,622,000	–	–	7,622,000
	22 September 2015	Period 2	0.17	16,000,000	–	–	16,000,000
				23,622,000	–	–	23,622,000
Mr. Chiu Sui Keung	29 November 2012	Period 1	0.105	7,622,000	–	–	7,622,000
	22 September 2015	Period 2	0.17	16,000,000	–	–	16,000,000
				23,622,000	–	–	23,622,000
Ms. Geng Ying	29 November 2012	Period 1	0.105	7,622,000	–	–	7,622,000
	22 September 2015	Period 2	0.17	16,000,000	–	–	16,000,000
				23,622,000	–	–	23,622,000
Mr. Shao Zili	22 September 2015	Period 2	0.17	36,000,000	–	–	36,000,000
Mr. Li Du	22 September 2015	Period 2	0.17	36,000,000	–	–	36,000,000
Mr. Cheng Wing Keung, Raymond	29 November 2012	Period 1	0.105	762,000	–	–	762,000
	22 September 2015	Period 2	0.17	1,600,000	–	–	1,600,000
				2,362,000	–	–	2,362,000
Mr. Lam Williamson	29 November 2012	Period 1	0.105	762,000	–	–	762,000
	22 September 2015	Period 2	0.17	1,600,000	–	–	1,600,000
				2,362,000	–	–	2,362,000
Mr. Wong Hoi Kuen	29 November 2012	Period 1	0.105	762,000	–	–	762,000
	22 September 2015	Period 2	0.17	1,600,000	–	–	1,600,000
				2,362,000	–	–	2,362,000
			Sub-total	185,952,000	–	–	185,952,000

Category of Participants	Date of grant *(Note (b))*	Exercisable period *(Note (a))*	Exercisable price per share *HK$*	Number of share options Outstanding at 1 April 2016	Granted during period	Lapsed during period	Outstanding at 30 September 2016
Employees of the Group							
In aggregate	29 November 2012	Period 1	0.105	41,882,000	–	–	41,882,000
	22 September 2015	Period 2	0.17	51,000,000	–	–	51,000,000
			Sub-total	92,882,000	–	–	92,882,000
Others							
In aggregate	22 September 2015	Period 2	0.17	1,600,000	–	–	1,600,000
			Total	280,434,000	–	–	280,434,000
Weighted average exercise price (in HK$) *(Note (c))*				0.1545	–	–	0.1545

Notes:

(a) Period 1 29 November 2012 to 28 November 2017

Period 2 22 September 2015 to 21 September 2020

Period 3 20 October 2016 to 19 October 2021

Period 4 16 December 2016 to 15 December 2021

Period 5 27 June 2017 to 26 June 2022

(b) The vesting date of the share options for Period 1 to 5 is the date of grant.

(c) The exercise prices of the outstanding share options as at 30 September 2017 range from HK$0.105 to HK$0.3 (30 September 2016: range from HK$0.105 to HK$0.17) per share and their weighted average remaining contractual life as at 30 September 2017 is 3.78 years (six months ended 30 September 2016: 3.31 years).

During the period ended 30 September 2017, the Company granted 146,760,000 (2016: Nil) share options to the management of the Esmart Group and the fair value of the share options granted is HK$0.07 (2016: HK$Nil) each. The variables and assumptions used in computing the fair value of share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The fair value of the share options granted during the period ended 30 September 2017 was determined by an independent valuer, APAC Asset Valuation and Consulting Limited using the Binomial option pricing model (the "Model"). Details of the inputs to the Model are as follows:

	27 June 2017
Grant date share price	HK$0.192
Exercise price	HK$0.21
Expected volatility	43%
Expected life of the options	5 years
Dividend yield	0%
Risk-free interest rate	1.09%

The Group recognised the total expenses of approximately HK$10,273,000 during the period ended 30 September 2017 (2016: HK$Nil) in relation to share options granted by the Company.

Share Award Scheme

The Board has approved the adoption of the Share Award Scheme (the "Old Share Award Scheme") on 11 February 2011, pursuant to which existing shares will be purchased by the Bank of East Asia (Trustees) Limited ("Trustee") from the market at the cost of the Company and be held in trust. On 9 March 2011, the Board approved and transferred HK$5,000,000 to the Trustee. As at 30 September 2017, 10,100,000 shares were purchased and held by the Trustee, representing approximately 0.2% (31 March 2017: 0.21%) of the issued share capital of the Company. No award shares have been granted to any persons since the commencement of the Old Share Award Scheme.

On 27 June 2017 (the "Adoption Date"), the Board resolved to terminate the Old Share Award Scheme with immediate effect. Such termination shall not affect the share awarded by the Board under the Old Share Award Scheme. On the same day, the Board has conditionally resolved to adopt the new share award scheme (the "New Share Award Scheme").

The purposes and objectives of the New Share Award Scheme are to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Subject to any early termination as may be determined by the Board in accordance with the scheme rules, the New Share Award Scheme shall be valid and effective for 10 years from the Adoption Date.

The Board may select any individual or corporate entity being a director (including executive and non-executive director), employee, officer, agent, advisor, consultant or business partner of the Company or any of its subsidiaries and other persons who/which in the opinion of the Board has contributed or will contribute to the growth and development of the Group (the "Eligible Participant") for participation in the New Share Award Scheme and determine the number of the awarded shares to be awarded to the selected participants (the "Selected Participants").

The Board shall offer the awarded shares ("Awarded Shares") to the Selected Participant(s) by any of the following ways as the Board deems fit:

(a) subject to (i) the passing of an ordinary resolution by the Shareholders in general meeting approving the Scheme Mandate and the transactions contemplated thereunder; and (ii) the Listing Committee granting approval of the listing of, and permission to deal in, any new shares as Awarded Shares, pay such sum to the Trustee for the purpose of subscribing for the new Shares to be allotted and issued to the Trustee for the benefit of the Selected Participant(s) or allot and issue the new Shares as Awarded Shares to the Selected Participant(s) directly; and/or

(b) pay the reference amount to the Trustee (or as it shall direct) and direct the Trustee to purchase Old Awarded Shares. The Board is entitled to impose any conditions as it deems appropriate with respect to the entitlement of the Selected Participant to the Awarded Shares.

Pursuant to the scheme rules, the total number of Shares, whether they are new shares or old shares purchased on-market by the Trustee, underlying all grants made pursuant to the New Share Award Scheme shall not exceed 10% of the total number of issued shares as at the Adoption Date. Such scheme limit may however be refreshed from time to time subject to the certain conditions set out in the New Share Award Scheme. The Company shall not make any further grant of Awarded Share(s) which would result in the total number of the Awarded Shares together with the shares which may be allotted and issued upon exercise of all outstanding share options granted but yet to be exercised under the other share option or award scheme(s) of the Company representing an aggregate over thirty per cent (30%) of the Share in issue as at the date of such grant.

Unless otherwise approved by the shareholders and subject to the adjustment in the event of consolidation or subdivision of shares, the maximum number of Shares which may be awarded to a Selected Participant under the New Share Awarded Scheme in any 12-month period shall not exceed 1 per cent (1%) of the issued share capital of the Company as at the Adoption Date or the date of refreshment of the scheme limit (as the case may be), excluding all the shares awarded under the New Share Awarded Scheme up to the Adoption Date or the latest date of refreshment.

Any Awarded Shares and the related income thereof held by the Trustee and which are referable to a Selected Participant shall vest in that Selected Participant in accordance with the timetable and conditions as imposed by the Board at its absolute discretion, provided that the Selected Participant remains at all times after the approved by the Board and on the relevant vesting date an Eligible Participant of the Group.

If the Board selects a director as the Selected Participant, the grant of the Awarded Shares to the director may constitute a connected transaction of the Company. However, since the grant of awarded shares to director forms part of the remuneration of the relevant director under his/her service contract, such grant of awarded shares is exempted from all the reporting, announcement and independent Shareholder's approval requirement under Rules 14A.31(6) of the Listing Rules.

For the Award Shares to the Selected Participants who are connected persons (excluding directors), the Company will comply with the relevant provisions of the Listing Rules in relation to the reporting, announcement and independent shareholders' approval requirements. However, any grant to any director or senior management of the Company must first be approved by the Remuneration Committee.

The New Share Award Scheme shall terminate on the earlier of (i) the date falling on the 10th anniversary date of the Adoption Date and (ii) such date of early termination as determined by the Board provided that such termination shall not materially and adversely affect any subsisting rights of any Selected Participant thereunder.

On 27 June 2017, the Board has resolved 249,370,000 Awarded Shares (comprising (i) 234,140,000 Awarded Shares to be allotted and issued to the connected persons of the Company and (ii) 15,230,000 Awarded Shares to other non-connected persons of the Company) to 18 Selected Participants under the New Share Award Scheme by way of issue and allotment of new shares. On 17 August 2017, the Company passed the above ordinary resolution by the shareholders at the annual general meeting. On 22 August 2017, the Company issued the respective Awarded Shares at fair value of HK$0.142 per share. The Group recognised the total expenses of approximately HK$35,411,000 during the period ended 30 September 2017 in relation to Awarded Shares granted by the Company.

There was no purchase of shares by the Trustee under the New Share Award Scheme during the period ended 30 September 2017.

Movements in the share awards granted during the period ended 30 September 2017 are as follows:

			Number of share awards granted			
Name of Participants	Date of grant	Fair value per share HK$	Outstanding as at 1 April 2017	Granted during period	Awards vested during period	Outstanding as at 30 September 2017
Directors						
Mr. Zhang Xiaobin	22 August 2017	0.142	–	48,920,000	(48,920,000)	–
Mr. Gao Feng	22 August 2017	0.142	–	48,920,000	(48,920,000)	–
Mr. Chiu Sui Keung	22 August 2017	0.142	–	48,920,000	(48,920,000)	–
Mr. Zhang Yichun	22 August 2017	0.142	–	2,000,000	(2,000,000)	–
Mr. Shao Zili	22 August 2017	0.142	–	2,000,000	(2,000,000)	–
Ms. Xu Ying	22 August 2017	0.142	–	2,000,000	(2,000,000)	–
Mr. Cheng Wing Keung, Raymond	22 August 2017	0.142	–	2,000,000	(2,000,000)	–
Mr. Lam Williamson	22 August 2017	0.142	–	2,000,000	(2,000,000)	–
Mr. Wong Hoi Kuen	22 August 2017	0.142	–	2,000,000	(2,000,000)	–
Dr. Lam Lee G	22 August 2017	0.142	–	2,000,000	(2,000,000)	–
			–	160,760,000	(160,760,000)	–
Other connected persons	22 August 2017	0.142	–	73,380,000	(73,380,000)	–
			–	234,140,000	(234,140,000)	–
Non-connected persons	22 August 2017	0.142	–	15,230,000	(15,230,000)	–
		Total:	–	249,370,000	(249,370,000)	–

17. ACQUISITION OF SUBSIDIARIES

On 8 June 2017, the Company entered into a sale and purchase agreement with Mr. Gao Feng ("Mr. Gao") and Other Sellers which included the Directors, namely, Mr. Zhang Xiaobin, Mr. Chiu Sui Keung and Mr. Shao Zili, and Mr. Li Xiuhua, who is a parent of a former Director (Mr. Li Du) in the past 12 months, who are business partners of Mr. Gao for the establishment of the O2O Business, whereby Mr. Gao and the Other Sellers conditionally agreed to sell, and the Company conditionally agreed to purchase, the sales shares, representing 51.2% of the total issued share capital of Admiral Glory Global Limited ("Admiral Glory"), which in turn, owns 51% of Sunfield Global Investments Limited ("Sunfield Global"), 100% of Esmart Holdings Limited a wholly-foreign-owned-enterprise, Esmart Technology Co., Ltd. in the PRC of Zhuhai (the "Target Group") at the sale consideration of HK$23,040,000. The Target Group will be operating the O2O Business in the ordinary course of business of the Company. The acquisition was completed on 12 July 2017.

The carrying amount and fair value of net liabilities acquired:

	HK$'000
Property, plant and equipment	76
Deposits, prepayments and other receivables	361
Amount due from shareholders	8
Cash and cash equivalents	1,052
Accrued liabilities and other payables	(1,801)
	(304)
Non-controlling interests	150
Net identifiable assets and liabilities acquired	(154)
Goodwill	23,194
	23,040
Satisfied by:	
Cash consideration	23,040
Net cash outflow arising an acquisition:	
Cash consideration	(23,040)
Cash and bank balances acquired	1,052
Net outflow of cash and cash equivalents	(21,988)

During the period ended 30 September 2017, the Group has paid the cash consideration of HK$23,040,000 to the vendors.

Acquisition-related costs amounting to approximately HK$3,256,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the "Other operating expenses" line item in the unaudited condensed consolidated statement of comprehensive income.

The subsidiaries acquired during the period contributed approximately HK$1,662,000 to the Group's turnover and loss before tax of approximately HK$15,044,000 for the period.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Admiral Glory. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Admiral Glory. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

The non-controlling interests of 48.8% in Admiral Glory and 49% of Sunfield Global in recognised at the acquisition date were measured at their share of recognised identified net assets or liabilities at the date of acquisition.

18. COMMITMENTS

(a) Capital commitment

As at 30 September 2017, the Group had the following capital commitments:

	As at 30 September 2017 *HK$'000* **(Unaudited)**	As at 31 March 2017 *HK$'000* (Audited)
Authorised and contracted for capital contributions payable to three subsidiaries	**327,231**	319,296

(b) Operating lease commitment

The Group leases certain properties under operating lease commitment. The leases run for an initial period of one to three years (31 March 2017: one to two years) with an option to renew the leases and renegotiate the terms at the expiry date. None of the leases includes contingent rentals.

As at 30 September 2017, the Group had total future minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings falling due as follows:

	As at 30 September 2017	As at 31 March 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**4,210**	3,210
In the second to fifth years, inclusive	**2,748**	1,956
	6,958	5,166

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Elife Holdings Limited (the "Company", together with its subsidiaries, the "Group") is principally engaged into the services provider of the smart terminal for retail stores in the PRC and trading businesses across Asia and developing its business into the consumer product market which conform to the Group's business principle of "making life easier and benefit people's livehood" (易生活，惠民生).

The Group has been managing the following businesses:

TRADING OF COMMODITIES BUSINESS

The current trading business is not an entirely new business, but is an expansion from the past trading platform and resources with refined development strategies focusing on daily consumer goods of high growth potentials. On the basis of its expanding trading and procurement platform, the Group further diversifies its business portfolio into the Smart Terminal Business which is complementary to, and shall be integrated with, the trading business in China. During the period, the Group is focusing on sourcing of overseas or domestic quality products for sales to retail channels or lower-tier agents. To rapidly expand the customer base, the Group adopted the low margin strategy to attract more sales channels for cooperation. However, after sales channels have been established, the Group will seek to increase the gross profit margin from direct sales or develop customised products to improve the Group's overall profitability. In addition, the Group is also expanding into the export business of China consumer goods to Middle East country as well.

ESMART TERMINAL BUSINESS

On 8 June 2017, the Company entered into the Share Purchase Agreement with Mr. Gao and the Other Sellers (which includes three Directors, namely, Mr. Zhang Xiaobin, Mr. Chiu Sui Keung and Mr. Shao Zili, and Mr. Li Xinhua, who is a parent of a former Director in the past 12 months), who are business partners of Mr. Gao for the establishment of the O2O Business, whereby Mr. Gao and the Other Sellers conditionally agreed to sell, and the Company conditionally agreed to purchase, the Sale Shares, representing 51.2% of the total issued share capital of Admiral Glory Global Limited and its subsidiaries (collectively called "Esmart Group"), at the Sale Consideration of HK$23,040,000. Esmart Group is operating the O2O Business comprises of: (i) the Smart Terminal business, which includes the development, manufacturing, operation and maintenance of Smart Terminals and the development and operation of software applications adopted by the Smart Terminals. Smart Terminals are computer terminals typically installed at stores (including convenience stores) connecting stores and online-to-offline (O2O) service platforms and are used by O2O service platforms for the distribution and supply chain logistics among suppliers, stores and consumers in the PRC; (ii) the data-processing business, which includes the collection, analysis and management of transaction data and consumer behaviour data generated from transactions processed through the Smart Terminals; and (iii) the advertising and marketing business, which includes the provision of digital advertising and marketing services on the Smart Terminals. The acquisition was completed on 12 July 2017.

One of the source income is expected be generated by collecting commission from suppliers to retailers/stores using the Smart Terminals who place orders over the terminals and the service providers to retailers/stores who offer other value-added services over the terminals. The Group's Smart Terminals can be integrated with a variety of payment systems, including AliPay, WeChat Pay, credit card and bank debit cards who will pay the Group a commission based on payments received by the retailers/stores. Basic software is integrated with the Smart Terminals free of charge, but retailers/stores will be charged a licence fee to use additional functions, such as inventory management, sales projection, and in-depth data analysis.

As announced on 2 August 2017, the Company has already signed a legally binding agreement with Zhongshang Huimin (Beijing) E-Commerce Co. Ltd. ("Huimin") with concrete terms for conducting the Smart Terminal Business. Pursuant to the aforesaid agreement, the Company has already recognised revenue of approximately HK$1.6 million for technical service fee from Huimin for the month of September 2017.

Apart from the cooperation with Huimin which is in the final stage of its trial run, the Group is also in active negotiation with several customers of strong backgrounds.

BUSINESS PROSPECTS AND FUTURE DEVELOPMENTS

The Company has continued its business expansion since last year and during the first half of 2017, the Group has been focusing on capturing opportunities to conduct businesses in relation to daily consumer goods and related value-added service globally and with a focus on the China market. As disclosed in the Company's 2017 annual report (the "2017 Annual Report"), the Company has expanded its business into logistics and delivery, retail and value-added service markets through its online-to-offline (O2O) service platform that integrated Smart Terminals. In addition, the Company has now reaffirmed the directions and objectives for its future business development, which include, amongst others, the development of an O2O service system that integrated Smart Terminals and the promotion and application of the Smart Terminals in Huimin's website, www.huimin.cn (惠民網) and other retail markets with an aim to achieve further growth in the Smart Terminal business.

In the meantime, it should be observed that nowadays as technology develops and business condition are changing rapidly, many corporations are facing severe tests and massive challenges. As a listed company, we must plan for the long term development and profit potential of the Company to maximise Shareholder's benefit.

In the economic and social environment where people's income increases steadily, the demand for daily goods would rise continuously in the long run, which has provided the reason for developing into this business segment of daily goods. In this segment, many kinds of technologies such as artificial intelligence, big data, cloud computing and smart management are being promoted and applied. At present, the application of new technologies is also the most practical and most suitable for and the best reflection of our direction towards maximising the Company's and Shareholders' benefit.

The Company will defines its core business as development and promotion of Smart Terminals for commercial use (including its related technologies), and development and application of multifunctional software system platform. We have all experienced the change from mobile phones with simple telephone functions to multifunctional smartphones, and such change has transformed the world and our lives. We believe that commercially used Smart Terminals will bring great changes to the commercial world and to our lives. Currently, most businesses use regular cashier machines and POS terminals, while mobile phones could only possess simple functions for commercial use, as such, changes and replacements are bound to happen.

Commercially used Smart Terminals have a broad range of applications, it can be applied to everyday needs and encounters, including convenience store, petrol station, pharmacy, tobacco shop, liquor store, postal store, small servicing store and clothing chain store, and relates to the procurement, inventory and sales in businesses, storage and financial management, payment methods, as well as advertisement, marketing and various kinds of value-added services management. Our aim is to bring more convenience to merchants for them to generate more earnings, and to make life easier and benefit people's livelihood.

To achieve this aim, we have already developed and tested the third generation Smart Terminals. In addition, the Company has already started the negotiation with large scale users, and its market prospect is bright. The Board is confident that the Company and its Shareholders can benefit from the development and expansion of the Smart Terminal business in the long term.

RESULTS ANALYSIS

REVENUE

For the period ended 30 September 2017, the Group recorded turnover of approximately HK$33,967,000 (six months ended 30 September 2016: approximately HK$19,043,000), representing an increase of 78.4%. The increase was arising from trading of commodities business segments and the new business segment of esmart terminal business. The significant increase in revenue was primarily due to a substantial increase in the volume of consumer products trading as the Group rapidly expand the customer base and make use of different sales channels and network in China, the Group also acquired new subsidiaries during the period to generate new income source.

More details of the Group's performance by business segments are set out in Note 4.

COST OF SALES

For the period ended 30 September 2017, the cost of sales of the Group amounted to approximately HK$31,829,000 (six months ended 30 September 2016: approximately HK$18,892,000), representing an increase of approximately 68.5% which is also in line with the fluctuation of the turnover.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit for the period ended 30 September 2017 was approximately HK$2,138,000 (six months ended 30 September 2016: approximately HK$151,000), representing a significantly raising of approximately 13 times. The gross profit margins of the Group for the period ended 30 September 2017 was approximately 6.29% (six months ended 30 September 2016: approximately 0.79%). The increase was mainly due to the costs of technical service fee from esmart terminal business is very low.

OTHER OPERATING EXPENSES

Other operating expenses incurred by the Group for the period ended 30 September 2017 was approximately HK$44,220,000 (six months ended 30 September 2016: approximately HK$21,178,000), representing an increase of 108.8%, and approximately 130.2% (six months ended 30 September 2016: approximately 111.2%) of the period's total revenue. Increase was attributable to (i) increment of the staff costs as results of acquisition of new subsidiaries; (ii) increase of non-cash share-based payment of approximately HK$45,684,000, including fair value of share options approximately HK$10,273,000 granted to the management of the Esmart Group and fair value of shares under share award scheme approximately HK$35,411,000 granted to directors and employees of the Group, during the period; (iii) increase of the consultancy fee incurred for seeking potential investment opportunities for the Group; (iv) increase of the legal and professional fee incurred for acquisition of subsidiaries; and (v) increase of selling expenses and R&D expenses for esmart terminal machine.

SHARE OF RESULTS OF ASSOCIATES

The Group recorded loss from associates of approximately HK$2,517,000 (six months ended 30 September 2016: approximately HK$5,962,000) for the period ended 30 September 2017, representing approximately decrease of 57.8% and 7.4% (six months ended 30 September 2016: approximately 31.3%) of the Group's turnover.

FINANCE COSTS

No finance costs incurred by the Group for the period ended 30 September 2017 (six months ended 30 September 2016: approximately HK$1,307,000), representing approximately 0% (six months ended 30 September 2016: approximately 6.9%) of the Group's revenue in the period. The reduction was mainly due to (i) repayment of one promissory note in last corresponding period in 2016; and (ii) no imputed interest expenses incurred for the current period.

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the period ended 30 September 2017, the Group recorded a loss attributable to shareholders of approximately HK$81,903,000 (six months ended 30 September 2016: approximately HK$20,975,000), representing a significant increase of 290.5%. Basic loss per share was approximately HK$1.66 cents (six months ended 30 September 2016: approximately HK$0.52 cents) for the period ended 30 September 2017. The increase was mainly attributable to increase of loss attributable to shareholders and weighted average number of ordinary shares during the period.

INTERIM DIVIDEND

The Board of the Company did not recommend payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: HK$Nil).

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group derived its working capital mainly from financing activities. For the period ended 30 September 2017, the Group had net cash outflow from operating activities of approximately HK$55,360,000 (six months ended 30 September 2016: approximately HK$9,543,000), net cash outflow from investing activities of approximately HK$28,224,000 (six months ended 30 September 2016: approximately HK$29,000) and net cash inflow from financing activities of approximately HK$390,000 (six months ended 30 September 2016: approximately HK$9,619,000). As at 30 September 2017, the Group had available cash and cash balances amounting approximately HK$53,128,000 (31 March 2017: approximately HK$132,453,000).

As at 30 September 2017, surplus on shareholders' funds of the Group aggregately amounted to approximately HK$298,992,000 (31 March 2017: approximately HK$337,472,000). Net current assets of the Group amounted to approximately HK$236,965,000 (31 March 2017: approximately HK$301,655,000). The Group's total current assets and current liabilities were approximately HK$283,820,000 (31 March 2017: approximately HK$314,844,000) and HK$46,855,000 (31 March 2017: approximately HK$13,189,000) respectively, while the current ratio was approximately 6.06 times (31 March 2017: approximately 23.87 times). The Group's assets-liabilities ratio (total liabilities to total assets) was approximately 0.14 times (31 March 2017: approximately 0.04 times).

As at 30 September 2017, the Group's gearing ratio (total debts to total equity) was approximately 7.7% (31 March 2017: approximately 0%).

CAPITAL EXPENDITURES AND CAPITAL COMMITMENT

During the period ended 30 September 2017, the capital expenditures mainly for additions in property, plant and equipment amount to approximately HK$6,240,000 (six months ended 30 September 2016: approximately HK$11,000). These capital expenditures were funded by internal cash flow from operating activities.

As at 30 September 2017, the Group had capital commitment of approximately HK$327,231,000 (31 March 2017: approximately HK$319,296,000) in respect of the authorised and contracted for capital contributions payable to three subsidiaries.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's sales and purchase are mainly transacted in Hong Kong Dollar, United States Dollar and Renminbi and the books are recorded in Hong Kong dollar. Therefore, it may be exposed to foreign exchange risk. However in view of the stable currency policies adopted by the PRC government, the directors consider that the foreign exchange risk is insignificant.

The Group currently has no foreign exchange rate hedging policy in respect of commercial transactions denominated in foreign currencies. However, the directors monitor exchange rate exposure regularly and will consider hedging significant exchange rate exposure as and when necessary.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2017.

OTHER EVENTS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group had a total of 73 employees (30 September 2016: 37) in Hong Kong, the PRC and United States. All employees are remunerated according to their performance, experience and the prevailing industry practices. The Group also participates in retirement benefit schemes for its staff in Hong Kong, the PRC and United States.

The Group introduced a new share option scheme on 8 October 2010, with options to be granted to any directors, employees and other parties at the discretion of the Board. During the period ended 30 September 2017, 146,760,000 share options have been granted to the management of Esmart Group, 3,712,000 share options have been exercised. As at 30 September 2017, 762,710,000 share options are remained outstanding.

The Group also adopted a Share Award Scheme on 11 February 2011 and terminated it on 27 June 2017 with introducing the other New Share Award Scheme on the same date. During the period ended 30 September 2017, 249,370,000 awarded shares have been granted to eligible directors and employees by way of issue and allotment of new shares. The Company issued the respective awarded shares at fair value of HK$0.142 per share. The Group recognised the total expenses of approximately HK$35,411,000 during the period ended 30 September 2017.

MATERIAL ACQUISITION AND DISPOSAL

Proposed Acquisition of Vector Adroit Sci-Tech Co., Limited

On 11 August 2017, the Company entered into the Share Subscription and with Smart Shine Leejae Techhnology Co., Limited (the "Vendor"), Vector Adroit Sci-Tech Co., Limited (the "Target Company") and Mr. Tan and Ms. Zhang (the "Guarantors"), pursuant to which (a) the Company has conditionally agreed to subscribe for and the Target Company has conditionally agreed to allot and issue the subscription shares, representing 35.7% of the issued share capital of the Target Company as enlarged by the allotment and issue of the subscription shares, at the subscription price of RMB1,000,000; (b) the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the sale shares, representing 15.3% of the issued share capital of the Target Company as enlarged by the allotment and issue of the subscription shares, at the consideration of RMB12,734,496 which shall be satisfied by the allotment and issue of the consideration shares by the Company to the Vendor; and (c) the Company will provide the interest-free and unsecured shareholder's loan in the principal amount of RMB11,734,496 to the Target Company, which is subject to adjustment in accordance with the profit guarantee. The aggregate consideration payable by the Group for the acquisition is RMB25,468,992, being the sum of the captioned (a) to (c), which was determined after arm's length negotiations among the parties to the Share Subscription and Transfer Agreement on normal commercial terms with reference to the profit guarantee as well as the prospects of the Target Company and its subsidiaries (the "Target Group"). The consideration of the acquisition of the sales shares of (b) shall be satisfied by the allotment and issue of the consideration shares at the issue price of HK$0.17 per consideration share. As at 30 September 2017, the acquisition has not yet been completed.

For details, please refer to the announcement dated 11 August 2017 and 12 October 2017.

Acquisition of Admiral Glory Global Limited

On 8 June 2017, the Company entered into the Strategic Cooperation Framework Agreement with Huimin, pursuant to which the Company and Huimin have agreed to further cooperate strategically in respect of developing new retail platforms, intelligentisation of retail shops and innovation in big-date usage. On the same day, the Company entered into the Share Purchase Agreement with Mr. Gao Feng ("Mr. Gao") and Other Sellers which included the Directors, namely, Mr. Zhang Xiaobin, Mr. Chiu Sui Keung and Mr. Shao Zili, and Mr. Li Xiuhua, who is a parent of a former Director (Mr. Li Du) in the past 12 months, who are business partners of Mr. Gao for the establishment of the O2O Business, whereby Mr. Gao and the Other Sellers conditionally agreed to sell, and the Company conditionally agreed to purchase, the sales shares, representing 51.2% of the total issued share capital of Admiral Glory Global Limited and its subsidiaries, at the sale consideration of HK$23,040,000. The acquisition was completed on 12 July 2017.

The Group did not have any material disposal for the six months ended 30 September 2017.

MATERIAL RELATED PARTY TRANSACTION

The Group did not have any material related party transaction for the six months ended 30 September 2017.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the six months ended 30 September 2017.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in these condensed consolidated interim financial statements, the Group did not have any events occurred subsequent to the end of the reporting period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company or any of its subsidiaries had not purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2017.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises three independent non-executive directors, chaired by Mr. Lam Williamson and the other two members of the Committee are Mr. Cheng Wing Keung, Raymond and Mr. Wong Hoi Kuen. The Audit Committee has reviewed and discussed with the Company's management the interim results of the Group for the six months ended 30 September 2017.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all code provisions of the Code on Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2017.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's results announcement for the six months ended 30 September 2017 containing all information required by Appendix 16 of the Listing Rules is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's appointed website at http://www.capitalfp.com.hk/eng/index.jsp?co=223. The interim report of the Company for the six months ended 30 September 2017 will be despatched to the shareholders and published on the above websites in due course.

By Order of the Board
Elife Holdings Limited
Chow Chi Fai
Company Secretary

Hong Kong, 30 November 2017

As at the date of this announcement, the executive directors of the Company are Ms. Zhang Xiaobin, Mr. Gao Feng and Mr. Chiu Sui Keung, non-executive directors of the Company are Mr. Zhang Yichun, Mr. Shao Zili and Ms. Xu Ying, and the independent non-executive directors of the Company are Mr. Lam Williamson, Mr. Cheng Wing Keung Raymond, Mr. Wong Hoi Kuen, and Dr. Lam Lee G..