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 FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board of directors (the "**Board**") of Elife Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the audited consolidated results of the Group for the year ended 31 March 2018 together with the comparative figures for the year ended 31 March 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Turnover	4	**153,039**	19,450
Cost of sales		**(143,728)**	(19,250)
Gross profit		**9,311**	200
Other income	5	**2,175**	3,222
Other (losses) /gains	5	**(1,131)**	16,924
Selling expenses		**(6,268)**	–
Other operating expenses		**(90,091)**	(47,351)
Share-based payment		**(45,684)**	(52,313)
Impairment loss on goodwill		**(1,379)**	(45,251)
Impairment loss on interests in associates		**–**	(16,513)
Impairment loss on property, plant and equipment		**(5,549)**	–
Share of results of associates		**(5,775)**	(11,778)
Loss from operating activities	6	**(144,391)**	(152,860)
Finance costs	7	**(115)**	(1,905)
Loss before tax		**(144,506)**	(154,765)
Taxation	8	**–**	(2)
Loss for the year		**(144,506)**	(154,767)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**13,995**	(2,513)
Share of exchange differences of associates		**63**	(50)
Other comprehensive income/(loss) for the year		**14,058**	(2,563)
Total comprehensive loss for the year		**(130,448)**	(157,330)

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(126,655)**	(152,116)
Non-controlling interests		**(17,851)**	(2,651)
		(144,506)	(154,767)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(112,977)**	(154,564)
Non-controlling interests		**(17,471)**	(2,766)
		(130,448)	(157,330)
Loss per share			
– Basic	10	**(2.5) cents**	(3.5) cents
– Diluted	10	**(2.5) cents**	(3.5) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**43,157**	28,725
Interests in associates		**–**	5,712
Goodwill		**23,127**	1,379
Available-for-sale financial asset		**1**	1
		66,285	35,817
Current assets			
Inventories		**8,401**	–
Trade and bill receivables	11	**27,007**	196
Deposits, prepayments and other receivables	12	**195,648**	182,195
Cash and cash equivalents		**7,867**	132,453
Total current assets		**238,923**	314,844
Less: Current liabilities			
Trade payables	13	**3**	–
Accrued liabilities and other payable	14	**20,705**	13,189
Amount due to a shareholder		**542**	–
Obligations under finance lease		**720**	–
Total current liabilities		**21,970**	13,189
Net current assets		**216,953**	301,655
Total assets less current liabilities		**283,238**	337,472

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Less: Non-current liabilities			
Amounts due to shareholders		**14,670**	–
Amounts due to non-controlling interests		**8,370**	–
Obligations under finance lease		**2,393**	–
		25,433	–
Net assets		**257,805**	337,472
Capital and reserves			
Share capital		**51,922**	48,921
Reserves		**234,553**	300,632
Equity attributable to owners of the Company		**286,475**	349,553
Non-controlling interests		**(28,670)**	(12,081)
Total equity		**257,805**	337,472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. CORPORATE INFORMATION

Elife Holdings Limited is a limited liability company incorporated in the Cayman Islands and its shares are listed on 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 Unit 806, Level 8, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong with effective on 6 December 2017.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include engaging in the provision of esmart terminal services for retail stores in the PRC, 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 benefiting people's livehood" (易生活，惠民生).

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied, for the first time, a number of the new and revised standards, amendments and interpretations ("new and revised HKFRSs") (which included all HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2017. A summary of the new and revised HKFRSs are set out below:

Amendment to HKAS 7	Disclosure Initiative
Amendment to HKAS 12	Recognition of Deferred Tax Assets for Unrealised losses
HKFRSs (Amendment)	Annual Improvements to HKFRSs, 2014-2016 Cycle

Except as described below, the application of the above amendments to HKFRSs and HKAS in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior years and/or on the disclosures set out in the Group's consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

The Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendments, Curtailment or settlement[2]
Amendments to HKAS 28	Long-term Interest in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRS Standards 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out in the Company's annual report for the year ended 31 March 2018.

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

The three operating and reportable segments under HKFRS 8 are as follows:

Unconventional gas business	Provision of services in connection with unconventional gas and import of technical equipment for the unconventional gas industry
Commodities trading business	Provision of agency services and commodities trading 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.

	2018	2017
	HK$'000	*HK$'000*
Turnover		
Commodities sales	**144,522**	19,450
Service fee	**8,517**	–
	153,039	19,450

Segment revenues and results

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

2018

	Unconventional gas business	**Commodities trading business**	**Esmart terminal business**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
Turnover from external customers	**–**	**144,385**	**8,654**	**153,039**
Result				
Segment loss	**(17,735)**	**(14,279)**	**(23,340)**	**(55,354)**
Unallocated income				**2,110**
Unallocated corporate expenses				**(32,760)**
Share-based payment				**(45,684)**
Impairment loss on goodwill	**(1,379)**			**(1,379)**
Impairment loss on property, plant and equipment	**(5,549)**			**(5,549)**
Share of results of associates				**(5,775)**
Finance costs				**(115)**
Loss before tax				**(144,506)**
Taxation				**–**
Loss for the year				**(144,506)**

2017

	Unconventional gas business	Commodities trading business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
Turnover from external customers	–	19,450	19,450
Result			
Segment loss	(6,545)	(8,129)	(14,674)
Unallocated income			19,426
Unallocated corporate expenses			(31,757)
Share-based payment			(52,313)
Impairment loss on goodwill	(321)	(44,930)	(45,251)
Impairment loss on interests in associates			(16,513)
Share of results of associates			(11,778)
Finance costs			(1,905)
Loss before tax			(154,765)
Taxation			(2)
Loss for the year			(154,767)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2017: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. 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 performance.

Segment assets and liabilities

2018

	Unconventional gas business *HK$'000*	**Commodities trading business** *HK$'000*	**Esmart terminal business** *HK$'000*	**Consolidated** *HK$'000*
Assets				
Segment assets	**27,049**	**110,355**	**62,242**	**199,646**
Unallocated corporate assets				**105,562**
				305,208
Liabilities				
Segment liabilities	**1,699**	**8,728**	**3,772**	**14,199**
Amounts due to shareholders				**15,212**
Amounts due to non-controlling interests				**8,370**
Obligations under finance lease				**3,113**
Unallocated corporate liabilities				**6,509**
				47,403

2017

	Unconventional gas business *HK$'000*	Commodities trading business *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	43,595	58,085	101,680
Interests 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 and financial assets are allocated to reportable segments; and

- all liabilities are allocated to reportable segments other than corporate liabilities, amounts due to shareholders, amounts due to non-controlling interests and obligations under finance lease.

Other segment information

	Depreciation and amortisation		**Additions to non-current assets***	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unconventional gas business	**2,286**	2,548	**18**	11
Commodities trading business	**875**	–	**6,161**	–
Esmart terminal business	**1,616**	–	**14,152**	–
Unallocated	**305**	304	**3,630**	6,825
	5,082	2,852	**23,961**	6,836

* Additions to non-current assets excluding goodwill, interests in associates and available-for-sale financial asset.

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 years ended 31 March 2018 and 2017.

	2018	2017
	HK$'000	*HK$'000*
The PRC	**147,568**	18,321
Hong Kong	**80**	1,129
Overseas	**5,391**	–
	153,039	19,450

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	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**7,335**	665
The PRC	**52,837**	23,373
Overseas	**6,112**	6,066
	66,284	30,104

Information about major customers

For the year ended 31 March 2018, the Group's largest two customers contributed revenue from commodities trading business of approximately HK$131,170,000 which represent 85.7% of total turnover.

For the year ended 31 March 2017, the Group's largest one customer contributed revenue from commodities trading business of approximately HK$18,321,000, which represent 94.2% of total turnover.

	2018	2017
	HK$'000	*HK$'000*
Customer A	**115,820**	–
Customer B	**15,350**	–
Customer C	**–**	18,321
Others	**21,869**	1,129
	153,039	19,450

5. OTHER INCOME AND OTHER (LOSSES)/GAINS

	2018	2017
	HK$'000	*HK$'000*
Other income		
Interest income on:		
Bank deposit	**15**	9
Other receivables	**2,106**	2,427
	2,121	2,436
Sundry income	**54**	786
	2,175	3,222
Other (losses)/gains		
Net exchange (losses)/gains	**(1,131)**	349
Gain on disposal of shares	**–**	16,575
	(1,131)	16,924

6. LOSS FROM OPERATING ACTIVITIES

	2018	2017
	HK$'000	*HK$'000*
The Group's loss from operating activities is arrived at after charging:		
Cost of inventory sold	**143,728**	19,250
Depreciation of property, plant and equipment	**5,082**	2,852
Loss on written off of property, plant and equipment	**265**	3
Loss on disposal of property, plant and equipment	**1,126**	–
Staff costs (including directors' remuneration)		
– wages and salaries	**36,407**	20,446
– share-based payment	**45,684**	52,313
– retirement benefits scheme contributions	**1,913**	490
	84,004	73,249
Auditors' remuneration	**700**	630
Minimum lease payments under operating lease rentals of office premises	**5,443**	3,233

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interests on obligations under finance lease	**115**	–
Imputed interest expense on promissory note	**–**	1,905
	115	1,905

8. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprises Income Tax	**–**	2
	–	2
Deferred tax	**–**	–
	–	2

Hong Kong profits tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profit for the year. No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong for the years ended 31 March 2018 and 2017.

Under the Law of the PRC on Enterprises 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.

Taxation in other jurisdiction is calculated at the rates prevailing in the respective jurisdictions. No provision has been made as the Group had no assessable profit in other jurisdiction for the years ended 31 March 2018 and 2017.

9. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2018 (2017: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

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

	2018	2017
Loss for the year attributable to owners of the Company *(HK$'000)*	**(126,655)**	(152,116)
Weighted average number of ordinary shares in issue *('000)*	**5,065,332**	4,304,555
Basic loss per share *(HK cents per share)*	**(2.5)**	(3.5)

(b) Diluted

During the year ended 31 March 2018 and 31 March 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.

11. TRADE AND BILL RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**16,407**	196
Bill receivables	**10,600**	–
	27,007	196

The following is an analysis of trade receivables by age based on invoice date:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**7,205**	–
31 to 60 days	**1,915**	–
61 to 90 days	**2,253**	–
91 to 180 days	**5,034**	16
Over 180 days	**–**	180
	16,407	196

According to the credit rating of different customers, the Group allows a range of credit periods within 90 days to its trade customers. Trade receivables are denominated in HK$, RMB and US$.

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Deposits	**2,088**	1,328
Prepayments	**21,946**	12,717
Other receivables	**171,614**	168,150
	195,648	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. On 28 November 2017, the Vendor and the Purchaser entered a supplemental agreement to extend the payment of sales consideration on or before 31 December 2018.

As at 31 March 2018, included in the other receivables of the captioned Sales Consideration of approximately HK$74,696,000 (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. The Sales Consideration was partially repaid subsequent to the year ended 31 March 2018.

As at 31 March 2018, included in other receivables of approximately HK$62,459,000 (equivalent to RMB50,000,000) (2017: approximately HK$56,377,000) was the performance deposit (the "Performance Deposit") paid to Zhongshang Huimin (Beijing) E-Commerce Co. Ltd. ("Huimin"). The Performance Deposit will be paid in full within six months from the date of payment. On 11 September 2017 and 1 March 2018, supplemental agreements were entered to extend the release of the Performance Deposit on or before 16 September 2018. The Performance Deposit is interest-free and secured by personal gurantee of Mr. Zhang Yichun, a non-executive director and Vice-chairman of the Company.

13. TRADE PAYABLES

The following is an analysis of trade payables by age based on the invoice date.

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**3**	–
31 to 60 days	**–**	–
61 to 90 days	**–**	–
91 to 180 days	**–**	–
Over 180 days	**–**	–
Total	**3**	–

The average credit period on purchases of certain goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. ACCRUED LIABILITIES AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Accrued liabilities	**4,636**	1,437
Deposit received in advances	**1,007**	–
Other payables	**15,062**	11,752
	20,705	13,189

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in provision of the esmart terminal services for retail stores in the PRC as well as 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 benefiting people's livehood" (易生活，惠民生).

Commodities Trading 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 esmart terminal business, which is complementary to, and shall be integrated with, the trading business in China. During the year, the Group focuses on sourcing overseas and domestic quality products for sale to retail channels or lower-tier agents. To rapidly expand the customer base, the Group adopted the low margin strategy which attracts 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 business of exporting Chinese consumer goods to countries in the Middle East.

Esmart Terminal Business

In July 2017, the Company completed the acquisition of 51.2% of the total issued share capital of Admiral Glory Global Limited (together with its subsidiaries, the "**Esmart Group**"). The Esmart Group is operating the O2O business which comprises: (i) the esmart terminal business, which includes the development, manufacturing, operation and maintenance of esmart terminals (the "**Esmart Terminals**") and the development and operation of software applications adopted by the Esmart Terminals. The Esmart 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 Esmart Terminals; and (iii) the advertising and marketing business, which includes the provision of digital advertising and marketing services on the Esmart Terminals.

One of the source income in respect of the esmart terminal business is generated by collecting commission from suppliers to retailers/stores who place orders over the Esmart Terminals and the service providers to retailers/stores who offer other value-added services over the Esmart Terminals. The Esmart Terminals can be integrated with a variety of payment systems, including AliPay, WeChat Pay, credit card and bank debit cards, the operators thereof will then pay the Group a commission based on payments received by the retailers/stores. Basic software is integrated with the Esmart 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 at the date of this announcement, the Company entered into legally binding agreements with Zhongshang Huimin (Beijing) E-Commerce Co. Ltd. ("**Huimin**") and other customers of strong backgrounds with concrete terms for conducting the esmart terminal business.

Other Business Update

On top of the commodities trading and esmart terminal businesses, the Company has all along been taking active approach to explore opportunities for future development.

On 29 December 2017, the Company and China Post Group Corporation Beijing Dongcheng District Branch Company ("**China Post**") entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") for a term of three years. China Post is a State-owned enterprise operating the official postal service of the PRC. Pursuant to the Strategic Cooperation Agreement, the Company and China Post agreed to initiate strategic cooperation primarily in financial services, logistics and distribution, e-commerce and brand promotion. As at the date of this announcement, the Company, through its wholly-owned subsidiary, is planning to open five stores "中郵，易生活" in Beijing with China Post and provide the commodities to these stores in this year.

On 16 January 2018, Esmart Technology Co., Ltd ("**Zhuhai Esmart**"), a non-wholly-owned subsidiary of the Company and CNXWM (Xiamen) Network Technology Company Limited ("**CNXWM**") entered into a strategic cooperation agreement for a term of two years. CNXWM is an integrated high-tech enterprise engaged in the research and development, sales and services of coding technologies. It is also one of the pioneers in the PRC in the development and enhancement of three-dimensional barcode ("**3D Code(s)**"), a graphical three-dimensional image barcode that not only allows data storage and access but also allows graphical images including photos and pictures to be displayed on the barcode. Fujian Tendering Purchasing Group Co., Ltd. (福建省招標採購集團有限公司), a State-owned enterprise, and its subsidiary, Fujian 618 Industrial Equity Investment Partnership (福建省六一八產業股權投資合夥企業), are two of the existing shareholders of CNXWM. Since its development of the 3D Codes in 2014, CNXWM has been providing one-stop barcode application services to consumers in reliance of its visible coding technology, which can enhance consumer experience as well as efficiency in data marketing. It is anticipated that the 3D Codes can be further applied to anti-counterfeit technology and brand protection in the future. By using the 3D Codes, consumers can easily ensure the authenticity of products and identify counterfeit imitators, which can correspond with the product supply chain management under Zhuhai Esmart's business model and enhance its efficiency on anti-counterfeit detection, data collection and analysis.

RESULTS ANALYSIS

Revenue

For the year ended 31 March 2018, the Group recorded turnover of approximately HK$153,039,000 (2017: approximately HK$19,450,000), representing an increase of approximately 6.8 times. The revenue was generated from the commodities trading and the esmart terminal business segments. The significant increase in revenue during the year was primarily due to a substantial increase in the volume of consumer products trading as the Group rapidly expanded the customer base and made use of different sales channels and network in China. The Group also acquired new subsidiaries during the year to generate new income source by expanding its trading business.

More details of the Company's performance by business segments are set out in Note 4 to the financial statements on pages 8 to 13 of this announcement.

Cost of Sales

For the year ended 31 March 2018, the cost of sales of the Group amounted to approximately HK$143,728,000 (2017: approximately HK$19,250,000), representing approximately 93.9% (2017: approximately 99.0%) of the Group's revenue and an increase of approximately 6.5 times which is in line with the fluctuation of the turnover.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 March 2018 was approximately HK$9,311,000 (2017: approximately HK$200,000), representing a significantly increase of approximately 45 times. The gross profit margin of the Group for the year ended 31 March 2018 was approximately 6.08% (2017: approximately 1.03%) of the Group's revenue. The increase was mainly due to the fact that the costs of technical service fee that have been recognised from esmart terminal business is very low.

Selling Expenses

During the year ended 31 March 2018, the Group recorded selling expenses of approximately HK$6,268,000 (2017: Nil). The increase was in line with the increase in sales of commodities trading business and new source of esmart terminal business, which led to a significant increase in staff costs, transportation and travelling expenses for salesmen.

Other Operating Expenses

Other operating expenses incurred by the Group for the year ended 31 March 2018 was approximately HK$142,703,000 (2017: approximately HK$161,428,000), representing a decrease of approximately 11.6%, and approximately 93.2% (2017: approximately 830.0%) of the Group's revenue. The decrease was attributable to (i) impairment loss on goodwill of approximately HK$1,379,000 (2017: approximately HK$45,251,000), which significantly dropped by approximately 97.0%; (ii) no impairment loss on interests in associates provided during the year (2017: approximately HK$16,513,000); and (iii) share-based payment of approximately HK$45,684,000 (2017: approximately HK$52,313,000) in reduction of approximately 12.7%.

There are some non-cash items for the year ended 31 March 2018 such as impairment loss on property, plant and equipment of approximately HK$5,549,000 (2017: Nil), impairment loss on goodwill and share-based payment mentioned above.

Share of Results of Associates

The Group recorded loss from associates of approximately HK$5,775,000 (2017: approximately HK$11,778,000) for the year ended 31 March 2018, representing a decrease of approximately 51.0%, and approximately 3.8% (2017: approximately 60.6%) of the Group's turnover.

Finance Costs

The finance costs incurred by the Group for the year ended 31 March 2018 was approximately HK$115,000 (2017: approximately HK$1,905,000), representing a reduction of approximately 94.0% (2017: approximately 72.6%). The decrease was mainly due to the full repayment of one promissory note in the previous year so that no imputed interest expense was incurred in current year.

Loss for the Year Attributable to Owners of the Company

For the year ended 31 March 2018, the Group recorded a loss attributable to shareholders of approximately HK$126,655,000 (2017: approximately HK$152,116,000), representing a decrease of approximately 16.7%. Basic loss per share was approximately HK2.5 cents (2017: approximately HK3.5 cents) for the year ended 31 March 2018. The decrease was primarily attributable to: decrease in non-cash items, such as (a) the share-based payment of approximately HK$45,684,000 (2017: approximately HK$52,313,000) which is related to the valuation of the share options being granted and fair value of shares granted under share award scheme during the year; (b) impairment loss of goodwill of approximately HK$1,379,000 (2017: approximately HK$42,251,000); and no impairment loss on interests in associates provided during the year (2017: approximately HK$16,513,000).

FINANCIAL REVIEW

Goodwill Impairment

As at 31 March 2018, the carrying amount of the Group's goodwill was approximately HK$23,127,000 (2017: approximately HK$1,379,000) which only represents the cash-generating unit of esmart terminal business. The carrying amounts of goodwill on unconventional gas business and commodities trading business were zero since the impairment loss on goodwill was fully provided during the year ended 31 March 2018 and 2017 respectively. The assessment for the valuation of goodwill performed by an independent professional external valuer was based on the value-in-use calculation. During the year ended 31 March 2018, impairment loss on goodwill of approximately HK$1,379,000 (2017: approximately HK$45,251,000) arising from unconventional gas business had been recognised in profit or loss. The goodwill impairment was mainly attributable to the fact that the Group reduced its investment of resources in unconventional gas business. The recoverable amounts based on value-in-use calculation of the aforesaid segment is lower than its carrying amounts, thus impairment loss on goodwill was recognised.

Liquidity, Financial Resources and Capital Structure

The Group derived its working capital mainly from financing activities. For the year ended 31 March 2018, the Group had net cash outflow from operating activities of approximately HK$97,394,000 (2017: approximately HK$57,419,000), net cash outflow from investing activities of approximately HK$42,117,000 (2017: approximately HK$6,836,000) and net cash inflow from financing activities of approximately HK$4,559,000 (2017: approximately HK$190,026,000). As at 31 March 2018, the Group had available cash and cash balances amounting approximately HK$7,867,000 (2017: approximately HK$132,453,000).

As at 31 March 2018, surplus on shareholders' funds of the Group aggregately amounted to approximately HK$257,805,000 (2017: approximately HK$337,472,000). Net current assets of the Group amounted to approximately HK$216,953,000 (2017: approximately HK$301,655,000). The Group's total current assets and current liabilities were approximately HK$238,923,000 (2017: approximately HK$314,844,000) and HK$21,970,000 (2017: approximately HK$13,189,000) respectively, while the current ratio was approximately 10.87 times (2017: approximately 23.87 times). The Group's assets-liabilities ratio (total liabilities to total assets) was approximately 0.16 times (2017: approximately 0.04 times).

As at 31 March 2018, the Group's gearing ratio (total debts to total equity) was approximately 10.4% (2017: approximately 0%).

Capital Expenditures and Capital Commitment

During the year ended 31 March 2018, the capital expenditures mainly for additions in property, plant and equipment amount to approximately HK$20,136,000 (2017: approximately HK$6,836,000). These capital expenditures were funded by internal cash flow from operating activities.

As at 31 March 2018, the Group had capital commitment of approximately HK$425,590,000 (2017: approximately HK$319,296,000) in respect of the authorised and contracted for capital contributions payable to a subsidiary.

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 when necessary.

Key Risk Factors and Uncertainties

The Group monitors the development of the industry on a regular basis and timely assesses different types of risks in order to formulate proper strategies to minimise the adverse impact on the Group.

For details, please refer to Note 5 "Financial Risk Management" to the Company's annual report for the year ended 31 March 2018.

Dividend

The Board does not recommend any payment of final dividend to shareholders for the year ended 31 March 2018 (2017: Nil).

OTHER EVENTS

Employees and Remuneration Policy

As at 31 March 2018, the Group had a total of 119 employees (2017: 56) in Hong Kong, the PRC and the 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 and the PRC.

The existing share option scheme of the Company was adopted on 8 October 2010 and amended on 17 August 2017, with options to be granted to any directors, employees and other parties at the discretion of the Board. During the year ended 31 March 2018, 146,760,000 share options were granted to one director and other parties. 50,652,000 and 93,920,000 share options were exercised and lapsed respectively. As at 31 March 2018, 621,850,000 share options remained outstanding. The Group also adopted a share award scheme on 27 July 2017. During the year ended 31 March 2018, 249,370,000 awarded shares were granted to eligible directors and employees by way of allotment and issue of new shares. The Company issued the respective awarded shares at fair value of HK$0.142 per share. Total expenses of approximately HK$35,411,000 were recognised by the Company for allotting and issuing the awarded shares. Including exercise of share options of approximately HK$10,273,000, share-based payment during the year ended 31 March 2018 was HK$45,684,000.

Material Acquisition and Disposal

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 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 including certain existing and former directors of the Company, namely, Mr. Zhang Xiaobin, Mr. Chiu Sui Keung and Mr. Shao Zili and Mr. Li Xiuhua, 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, 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 during the year ended 31 March 2018.

Significant Investment

The Group did not hold any significant investment for the year ended 31 March 2018.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above and elsewhere in these consolidated financial statements, the Group has the following events occurred subsequent to the end of the reporting period:

(i) On 27 April 2018, the Company entered into the subscription agreements with five subscribers (collectively, the "**Subscribers**") respectively whereby the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 306,875,000 shares of HK$0.01 each at the subscription price of HK$0.128 per share for a total consideration, before expenses, of approximately HK$39,280,000. The net proceeds (after deducting the related expenses) from the subscriptions by the Subscribers are approximately HK$39,200,000. The Company intends to use the net proceeds from the subscriptions for general working capital of the Group and development of the Group's daily consumer goods trading and esmart terminal businesses.

    The subscriptions were completed between 8 May 2018 and 31 May 2018 respectively. For more details, please refer to the announcements of the Company dated 27 April 2018, 11 May 2018 and 31 May 2018 respectively.

(ii) On 27 April 2018, the Company and Century Ying Tong (Beijing) Management Company entered into a strategic cooperation agreement for a term of three years. For more details, please refer to the announcement of the Company dated 27 April 2018.

(iii) On 28 May 2018, the Company entered into the subscription agreement with a subscriber whereby the subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 95,660,000 shares of HK$0.01 each at the subscription price of HK$0.128 per share for a total consideration, before expenses, of approximately HK$ 12,244,480. The net proceeds (after deducting the related expenses) from the subscription is approximately HK$12,200,000. On 26 June 2018, the Company entered into the supplemental agreement to the subscription agreement whereby the number of subscription shares is adjusted from 95,660,000 shares to 76,500,000 shares while the total subscription amount is adjusted from HK$12,244,480 to HK$9,792,000. The Company intends to use the net proceeds of approximately HK$9,750,000 from the subscription for general working capital of the Group and development of the Group's daily consumer goods trading and esmart terminal businesses.

For more details, please refer to the announcements of the Company dated 28 May 2018 and 26 June 2018.

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 year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive directors of the Company, chaired by Mr. Lam Williamson and the other two members are Mr. Cheng Wing Keung, Raymond and Mr. Wong Hoi Kuen. The Audit Committee has reviewed and discussed with the Company's management regarding the annual results of the Group for the year ended 31 March 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company applied the principles and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange during the year.

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of shareholders of the Company will be held after despatch of the annual report. The notice of the AGM will be published and despatched to the shareholders in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's results announcement for the year ended 31 March 2018 containing all information required by Appendix 16 to 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 annual report 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, 27 June 2018

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