易生活控股有限公司
Elife Holdings Limited

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

(1) FURTHER INFORMATION RELATING TO INTERIM REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018; AND (2) UPDATE ON PROGRESS OF REPAYMENT OF PERFORMANCE DEPOSIT DUE FROM HUIMIN

(1) FURTHER INFORMATION RELATING TO INTERIM REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The following disclosure is supplemental to the announcement of unaudited condensed consolidated results of the Group for the six months ended 30 September, 2018 published on 30 November, 2018 and the related interim report (the "**Interim Report**"). Terms defined in the Interim Report are used in this announcement with those defined meanings.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS ANALYSIS:

REVENUE

There was a substantial decrease in revenue for the six months ended 30 September, 2018 compared with the six months ended 31 March, 2018. The Group recorded revenue of approximately HK$52,496,000 for the six months ended 30 September, 2018 (the "**Current Period**") as compared to revenue of approximately HK$119,072,000 recorded in the six months ended 31 March 2018 (the "**Previous Period**"). The decrease in revenue was mainly attributable to the following factors:

(i) ***Seasonality:*** The commodities traded by the Group in the relevant periods are non- traditional commodities such as computer parts or accessories and daily consumer products (such as food, wine, drinks). Its commodities trading is characterised by seasonality, a factor that is common to many commodities and has a strong influence on the demand for and prices of the commodities and thus the revenue from commodities trading. The period between April and September is a low season for the demand of consumer products as compared with the Previous Period which included both the Double 11 Shopping carnival and Chinese New Year Festival in the PRC. The sales of consumer products during such interim period are therefore lower as compared with the Previous Period. The Group's turnover in the last quarter from January to March 2018 was approximately HK$59,208,000, which contributed around 40% to total revenue for the year ended 31 March, 2018, and was mainly due to strong customer demand in the last quarter from January to March 2018.

(ii) ***Unfavourable market conditions and longer receivable aging:*** Due to the unfavourable macro-economic environment, the ageing period of trade receivables of the Group extended from an average of 45 days for the year ended 31 March, 2018 to 60 days in the Current Period. The cash turnover rate decreased from approximately 8 times to 6 times per year and thus the available cash for trading also decreased accordingly. This affected the Group's turnover as compared with the Previous Period. Since the Group usually needs to make advance payments to suppliers before delivery of goods, new orders are usually placed only after collection of receivables from customers.

(iii) The number of customers also decreased as compared with the Previous Period. This was due to the Group maintaining good credit risk controls on customers' receivables collection and reduced volumes of trading with slower-paying customers.

FINANCIAL IMPACT AND UPDATE: BUSINESS WITH HUIMIN

The Interim Report also disclosed that the decrease in gross profit margin had decreased to 0.4% because the Company was still in negotiation with Huimin on the technical service payable by Huimin. This fee is based on the revenue generated by Huimin pursuant to the Esmart Terminal and Mobile Terminal Ordering Platform Cooperation Agreement between Huimin and Zhuhai Esmart Technology Co., Ltd. (a subsidiary of the Company) and is recognised on a quarterly basis. Up to the date of the Interim Report, Huimin had not confirmed the amount of the technical service fee payable but the Group received confirmation from Huimin in early December 2018, enabling it to recognise technical service fees of RMB2.4 million and RMB3.3 million for the quarters ended 30 June, 2018 and 30 September, 2018, respectively. Hence, an aggregate technical service fee (after tax) of RMB5.38 million (equivalent to approximately HK$6.41 million) (the "**Adjustment**") was recognised in the month ended 31 December, 2018. Had the

Adjustment been recognised at 30 September, 2018, the gross profit on technical service fee would increase from HK$295,000 to HK$6,701,000 and the overall gross profit margin would increase from 0.4% to 11.23%. The table below sets out the financial performance of the Group for the Current Period before and after Adjustment as compared to the last period ended 30 September, 2017 and the Previous Period:

	Six months ended 30 September, 2018 (Unaudited)	**Adjustment (Unaudited)**	**Six months ended 30 September, 2018 after Adjustment (Unaudited)**	**Six months ended 30 September, 2017 (Unaudited)**	**Six months ended 31 March, 2018 (Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	52,496	6,410	58,906	32,305	119,072
Gross profit	211		6,621	2,138	7,173
Gross profit margin	0.4%		11.24%	6.62%	6.02%
Loss for the period	(34,969)	6,410	(28,559)	(89,359)	(55,147)

Based on the above table, the gross profit margin for the Current Period improved compared to that of the last period ended 30 September, 2017 and Previous Period. The loss for the Current Period also decreased by approximately 68% compared to the corresponding period ended 30 September, 2017 and 48% compared to that for the Previous Period respectively. The increase in gross profit margin was mainly due to an increase in the profit margin in commodities trading to approximately of 2.15% (30 September 2017: 1.17%) and the costs to be recognised in generating the technical service fees from the Esmart terminal business are relatively low.

Huimin has cooperated with the Company in various areas such as in the commodities trading business and Esmart terminal business. Financial information for the sales between the Company and Huimin and/or parties associated with Huimin for the year ended 31 March, 2018 and for the six months ended 30 September, 2018 is summarised below:

	Six months ended 30 September, 2018 Unaudited *RMB'000*	**For the year ended 31 March, 2018 Audited** *RMB'000*
Commodities trading (revenue)	4,059	5,563
Esmart terminals (Technical services fee)[(1)]	0	7,236
Total	**4,059**	**12,799**

Note 1:

The Group has recognised the service fee from Huimin since 1 September 2017 and the Adjustment was recognised in the month ended 31 December 2018.

Sums denominated in RMB have been translated into HK$ at the rate RMB1 = HK$1.192 in this announcement.

(2) UPDATE ON PROGRESS OF REPAYMENT OF PERFORMANCE DEPOSIT DUE FROM HUIMIN

Reference is made to the announcement dated 8 March 2017 of the Company in which it was disclosed, among other things, that an interest-free and unsecured performance deposit of RMB50,000,000 (the "**Performance Deposit**") was paid by Zhongnongxin Supply Chain Management Company Limited ("**Zhongnongxin Supply Chain**") (an indirect wholly-owned subsidiary of the Company) to Huimin pursuant to the supply agreement dated 8 March 2017 (the "**Supply Agreement**") among Zhongnongxin Supply Chain, Huimin and Mr. Zhang Yichun (a non-executive Director). Mr. Zhang Yichun provided a personal guarantee to Zhongnongxin Supply Chain for the repayment of the Performance Deposit in full when due.

Pursuant to the Supply Agreement (as supplemented and amended by two supplemental agreements thereto on 11 September 2017 and 1 March 2018 respectively), the Performance Deposit shall become due on 16 September 2018. As disclosed in the previous section of this announcement, Huimin did not repay the Performance Deposit in full by the said due date.

Since August 2018 (that is, one month before the due date), the Group has from time to time requested repayment of the Performance Deposit by Huimin and in early November 2018, management of the Company attended meetings with representatives of Huimin to negotiate on, amongst other things, ways to settle the Performance Deposit.

On 10 December 2018, Huimin provided the Company with a proposed repayment schedule for the Performance Deposit (the "**Proposed Repayment Schedule**") for consideration. Details of the Proposed Repayment Schedule are as follows:

1. The Performance Deposit shall be repaid by instalments as follows:

Instalment	**Due Date**	**Amount**
1	31 December 2018	RMB500,000
2-7	The last day of each month between January and June 2019	RMB3,000,000 (RMB500,000 each month)
8-13	The last day of each month between July and December 2019	RMB6,000,000 (RMB1,000,000 each month)
14-19	The last day of each month between January and June 2020	RMB9,000,000 (RMB1,500,000 each month)
20	Within the second half of 2020	RMB10,000,000
21	31 December 2020	RMB21,500,000
	Total:	**RMB50,000,000**

   As at the date of this announcement, the Company received the first instalment of RMB500,000 from Huimin and RMB49,500,000 has remained outstanding.

2. A late payment penalty (the "**Late Payment Penalty**") shall be charged on the outstanding balance of the Performance Deposit at the rate of 2% per annum. Huimin agreed to pay the Late Payment Penalty for 2019 on or before 31 December 2019 and the Late Payment Penalty for 2020 on or before 31 December 2020.

3. Revision or modification to the Proposed Repayment Schedule shall only be made with mutual agreement between the Company and Huimin.

As at the date of this announcement, the Proposed Repayment Schedule has not been accepted or agreed upon by the Company. The Board discussed the terms of the Repayment Schedule and considered the Proposed Repayment Schedule to be unsatisfactory. Management of the Company will further negotiate the terms of the Repayment Schedule with the representatives of Huimin with a view to concluding a repayment schedule with better terms which are fair and reasonable and in the interests of the Company and the Shareholders. The Company will make further announcement(s) if and when negotiations with Huimin are concluded.

A repayment schedule for the Performance Deposit if agreed upon by both the Company and Huimin may constitute financial assistance to Huimin and a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Company will ensure full compliance with the relevant requirements under the Listing Rules.

The Performance Deposit at the time when it was advanced to Huimin constituted an advance to an entity under Rule 13.13 of the Listing Rules as the amount of the Performance Deposit exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. Details of the Performance Deposit were disclosed in the announcement dated 8 March 2017 of the Company in compliance with Rules 13.13 and 13.15 of the Listing Rules.

The Company will comply with the relevant disclosure requirements according to Rule 13.20 of the Listing Rules for so long as circumstances giving rise to the abovesaid disclosure obligations continue to exist.

By Order of the Board
Elife Holdings Limited
Zhang Xiaobin
Chairman

Hong Kong, 21 January 2019

As at the date of this announcement, the executive directors of the Company are Ms. Zhang Xiaobin, Mr. Gao Feng, Mr. Chiu Sui Keung and Mr. Sun Qiang, the non-executive directors of the Company are Mr. Zhang Yichun 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..