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 2020

The board (the "**Board**") of directors (the "**Directors**") 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 2020 together with the comparative figures for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000*
Turnover	4	**54,789**	89,373
Cost of sales		**(56,514)**	(83,585)
Gross (loss)/ profit		**(1,725)**	5,788
Other income	5	**4,132**	2,480
Other losses – net	5	**(10,376)**	(1,065)
Selling expenses		**(7,056)**	(14,381)
Other operating expenses		**(52,417)**	(67,130)
Equity-settled share-based payment		**(763)**	–
Impairment loss on goodwill		**(18,320)**	(4,807)
Impairment loss on property, plant and equipment		**–**	(7,918)
Net allowance for expected credit losses on trade and other receivables		**(8,846)**	(73,687)
Loss from operating activities	6	**(95,371)**	(160,720)
Finance costs	7	**(570)**	(457)
Loss before tax		**(95,941)**	(161,177)
Taxation	8	**(4)**	–
Loss for the year		**(95,945)**	(161,177)
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Change in fair value of financial asset at fair value through other comprehensive income		**(1,113)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(7,327)**	(10,193)
Other comprehensive loss for the year		**(8,440)**	(10,193)
Total comprehensive loss for the year		**(104,385)**	(171,370)

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(76,932)**	(138,609)
Non-controlling interests		**(19,013)**	(22,568)
		(95,945)	(161,177)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(85,713)**	(147,206)
Non-controlling interests		**(18,672)**	(24,164)
		(104,385)	(171,370)
Loss per share			
– Basic	10	**(2.6) cents**	(6.5) cents
– Diluted	10	**(2.6) cents**	(6.5) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**13,287**	28,008
Right-of-use assets		**4,345**	–
Goodwill		**–**	18,320
Financial asset at fair value through other comprehensive income		**114**	1,313
		17,746	47,641
Current assets			
Inventories		**1,559**	10,952
Trade and bill receivables	11	**14,855**	30,601
Deposits, prepayments and other receivables	12	**84,429**	118,902
Cash and cash equivalents		**16,201**	19,383
Total current assets		**117,044**	179,838
Less: Current liabilities			
Trade payables	13	**1,050**	7,558
Accrued liabilities and other payables	14	**26,901**	32,743
Contract liabilities		**1,186**	1,374
Other borrowings		**–**	23,353
Bank borrowings		**–**	329
Lease liabilities		**1,728**	–
Obligations under finance leases		**–**	950
Amounts due to shareholders		**31,960**	4,103
Amounts due to non-controlling interests		**9,045**	–
Total current liabilities		**71,870**	70,410
Net current assets		**45,174**	109,428
Total assets less current liabilities		**62,920**	157,069

	2020	2019
	HK$'000	*HK$'000*
Less: Non-current liabilities		
Lease liabilities	**1,291**	–
Obligations under finance leases	**–**	2,280
Amounts due to shareholders	**–**	14,555
Amounts due to non-controlling interests	**–**	8,485
	1,291	25,320
Net assets	**61,629**	131,749
Capital and reserves		
Share capital	**59,319**	55,755
Reserves	**64,261**	129,071
Equity attributable to owners of the Company	**123,580**	184,826
Non-controlling interests	**(61,951)**	(53,077)
Total equity	**61,629**	131,749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include engaging in trading businesses across Asia as well as the provision of esmart digital services. It has also been expanding its businesses into the consumer products market conforming to the Group's business principle of "making life easier and benefiting people's livehood" (易生活，惠民生).

The directors consider that Ms. Liu Qiuhua and Mr. Gao Feng are the substantial shareholders of the Company which held approximately of 12.87% and 5.44% of existing issued ordinary share capital of the Company respectively.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

HKFRS 16	Leases
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle

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

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on leaseby-lease basis, to the extent relevant to the respective lease contracts:

(i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months from the date of initial application;

(ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

(iv) used hindsight based on facts and circumstances as at the date of initial application in determining the lease term for the Group's leases with extension and termination options; and

(v) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowings rates applied by the relevant group entities range from 11.50%% to 12.47%.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	HK$'000
Operating lease commitment as at 31 March 2019	4,888
Less: total future interest expenses	(332)
Lease liabilities relating to operating lease recognised upon application of HKFRS 16	4,556
Less: Lease modification	(310)
Less: Short-term leases recognition exemption	(289)
Add: Obligations under finance leases recognised as at 31 March 2019	3,230
Lease liabilities recognised as at 1 April 2019	7,187
Analysis as:	
– Non-current	3,260
– Current	3,927
	7,187

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Notes	*HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	(a)	3,957
Add: Amounts included in property, plant and equipment under HKAS 17 – Assets previously under finance leases	(b)	4,203
		8,160
By class:		
– Leased offices		3,957
– Motor vehicles		4,203
		8,160

Notes:

(a) The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 1 April 2019.

(b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to HK$4,203,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK$950,000 and HK$2,280,000 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Reclassification	Recognition of lease	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	28,008	(4,203)	–	23,805
Right-of-use assets	–	4,203	3,957	8,160
Total non-current assets	**47,641**	**–**	**3,957**	**51,598**
Current liabilities				
Lease liabilities	–	950	2,977	3,927
Obligations under finance leases *(note)*	950	(950)	–	–
Total current liabilities	**70,410**	**–**	**2,977**	**73,387**
Non-current liabilities				
Lease liabilities	–	2,280	980	3,260
Obligation under finance leases *(note)*	2,280	(2,280)	–	–
Total non-current liabilities	**25,320**	**–**	**980**	**26,300**

Note: In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to approximately HK$950,000 and HK$2,280,000 to lease liabilities as current and non-current liabilities respectively at 1 April 2019. There has been no change in the liability recognised.

New and amendments to HKFRSs that have been issued but not yet effective

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

HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform[1]
HKFRS 3 (Amendments)	Definition of a Business[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts[3]
HKFRS 16 (Amendments)	COVID-19 Related Rent Concessions[5]

1 Effective for annual periods beginning on or after 1 January 2020.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2021.

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

5 Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 Hong Kong Institute of Certified Public Accountants ("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 HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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.

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, commodities trading business and esmart digital services. 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 digital services	Provision of esmart digital services in the PRC

Revenue represents the aggregate of the amounts received and receivable from third parties, income from commodities trading business and esmart digital services. Revenue recognised during the years are as following:

	2020	2019
	HK$'000	*HK$'000*
Disaggregation of revenue from contracts with customers		
Recognised at a point in time		
Commodities sales	**54,544**	82,889
Service fee	**245**	6,484
Total revenue from contracts with customers	**54,789**	89,373

Segment revenue and results

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

2020

	Unconventional gas business *HK$'000*	Commodities trading business *HK$'000*	Esmart digital services *HK$'000*	Consolidated *HK$'000*
Turnover				
Turnover from external customers	**–**	**54,536**	**253**	**54,789**
Result				
Segment loss	**(9,751)**	**(11,765)**	**(42,622)**	**(64,138)**
Unallocated other income				**2,107**
Unallocated corporate expenses				**(32,577)**
Equity-settled share-based payment				**(763)**
Finance costs				**(570)**
Loss before tax				**(95,941)**
Taxation				**(4)**
Loss for the year				**(95,945)**

2019

	Unconventional gas business *HK$'000*	Commodities trading business *HK$'000*	Esmart digital services *HK$'000*	Consolidated *HK$'000*
Turnover				
Turnover from external customers	–	83,073	6,300	89,373
Result				
Segment loss	(5,562)	(8,765)	(28,479)	(42,806)
Unallocated other income				2,133
Unallocated corporate expenses				(33,635)
Impairment loss on goodwill			(4,807)	(4,807)
Impairment loss on property, plant and equipment	(7,918)			(7,918)
Net allowance for expected credit losses on trade and other receivables				(73,687)
Finance costs				(457)
Loss before tax				(161,177)
Taxation				–
Loss for the year				(161,177)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the year ended 31 March 2020 (2019: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the loss from each segment without allocation of certain other income, equity-settled share-based payment, corporate expenses, 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

	Unconventional gas business *HK$'000*	Commodities trading business *HK$'000*	Esmart digital services *HK$'000*	Total *HK$'000*
31 March 2020				
Segment assets	**4,482**	**83,636**	**16,836**	**104,954**
Segment liabilities	**518**	**7,455**	**9,369**	**17,342**

	Unconventional gas business HK$'000	Commodities trading business HK$'000	Esmart digital services HK$'000	Total HK$'000
31 March 2019				
Segment assets	14,212	124,290	63,122	201,624
Segment liabilities	502	7,908	22,328	30,738

Reconciliation of reportable segments' assets and liabilities:

	2020 ***HK$'000***	2019 *HK$'000*
Assets		
Total assets of reportable segments	**104,954**	201,624
Unallocated and other corporate assets:		
Property, plant and equipment	**2,627**	3,140
Right-of-use assets	**310**	–
Deposits, prepayments and other receivables	**21,887**	19,834
Cash and cash equivalents	**5,012**	2,881
Consolidated total assets	**134,790**	227,479
Liabilities		
Total liabilities of reportable segments	**17,342**	30,738
Unallocated and other corporate liabilities:		
Accrued liabilities and other payables	**11,795**	10,937
Other borrowings	**–**	23,353
Bank borrowings	**–**	329
Lease liabilities	**3,019**	–
Obligations under finance leases	**–**	3,230
Amounts due to shareholders	**31,960**	18,658
Amounts due to non-controlling interests	**9,045**	8,485
Consolidated total liabilities	**73,161**	95,730

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

- all assets are allocated to reportable segments other than unallocated corporate assets (mainly comprising certain property, plant and equipment, certain right-of-use assets, certain deposits, prepayments and other receivables and certain cash and cash equivalents); and

- all liabilities are allocated to reportable segments other than unallocated corporate liabilities (mainly comprising certain accrued liabilities and other payables amounts due to shareholders, amounts due to non-controlling interests, other borrowings, bank borrowings, lease liabilities and obligations under finance leases).

Other segment information

For the year ended 31 March 2020

	Unconventional gas business *HK$'000*	**Commodities trading business** *HK$'000*	**Esmart digital services** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Drepreciation of property, plant and equipment	**886**	**1,362**	**3,725**	**533**	**6,506**
Depreciation of right-of-use assets	**–**	**1,972**	**270**	**932**	**3,174**
Additions to non-current assets*	**–**	**32**	**10**	**21**	**63**
Impairment loss on goodwill	**–**	**–**	**18,320**	**–**	**18,320**
Write-down of inventories	**–**	**–**	**7,108**	**–**	**7,108**
Write-off of obsolete and slow-moving inventories	**–**	**836**	**–**	**–**	**836**
Loss of disposal of property, plant and equipment	**2,368**	**–**	**25**	**–**	**2,393**
Net allowance for expected credit losses on trade and other receivables	**377**	**3,209**	**792**	**4,468**	**8,846**

For the year ended 31 March 2019

	Unconventional gas business *HK$'000*	Commodities trading business *HK$'000*	Esmart digital services *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Depreciation and amortisation	1,350	1,336	3,830	542	7,058
Additions to non-current assets*	–	1,803	158	4	1,965

* Additions to non-current assets excluding goodwill, interests in associates and financial asset at fair value through other comprehensive income.

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 2020 and 2019.

	2020	2019
	HK$'000	*HK$'000*
The PRC	**14,388**	72,210
Hong Kong	**40,401**	31
Overseas	**–**	17,132
	54,789	89,373

The following is an analysis of the carrying amount of non-current assets (excluding interests in associates and financial asset at fair value through other comprehensive income) analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2020	2019
	HK$'000	*HK$'000*
The PRC	**5,236**	33,045
Hong Kong	**6,669**	7,364
Overseas	**5,727**	5,919
	17,632	46,328

Information about major customers

For the year ended 31 March 2020, the Group's largest three customers (2019: four) contributed revenue from commodities trading business and esmart digital services of approximately HK$49,595,000 (2019: approximately HK$62,900,000) and approximately HK$Nil (2019: approximately HK$6,287,000) which represent approximately 90.5% (2019: approximately 70.4%) and approximately Nil (2019: approximately 7.0%) respectively of total turnover.

	2020	2019
	HK$'000	*HK$'000*
Customer A *(Note (i))*	**–***	34,542
Customer B *(Note (i) and (ii))*	**–***	15,195
Customer C *(Note (i))*	**–***	10,297
Customer D *(Note (i))*	**34,074**	9,153
Customer E *(Note (i))*	**9,194**	–*
Customer F *(Note (i))*	**6,327**	–*

Notes:

* The customer contribution less than 10% of total revenue of the Group.

(i) Revenue generated from commodities trading business.

(ii) Revenue generated from esmart digital services.

5. OTHER INCOME AND OTHER LOSSES – NET

	2020	2019
	HK$'000	*HK$'000*
Other income		
Interest income on:		
Bank deposits	**15**	12
Trade and other receivables	**3,573**	2,106
	3,588	2,118
Sundry income	**544**	362
	4,132	2,480
Other losses – net		
Net exchange losses	**(39)**	(71)
Loss on disposal of financial asset at fair value through other comprehensive income	**–**	(1)
Loss on settlement of other receivables	**–**	(1,025)
Write-down of inventories	**(7,108)**	–
Write-off of obsolete and slow-moving inventories	**(836)**	–
Gain on disposal of subsidiaries	**–**	32
Loss on disposal of property, plant and equipment	**(2,393)**	–
	(10,376)	(1,065)

6. LOSS FROM OPERATING ACTIVITIES

	2020	2019
	HK$'000	*HK$'000*
The Group's loss from operating activities is arrived at after charging/(crediting):		
Cost of inventory sold	**54,142**	81,029
Depreciation of property, plant and equipment	**6,506**	7,058
Depreciation of right-of-use-assets	**3,174**	–
Loss on written off of property, plant and equipment	**–**	54
Net allowance for expected credit losses		
– allowance for expected credit losses on trade receivables	**1,696**	1,030
– allowance for expected credit losses on other receivables	**7,585**	73,376
– reversal of allowance for expected credit losses on trade receivables	**(192)**	(299)
– reversal of allowance for expected credit losses on other receivables	**(243)**	(420)
	8,846	73,687
Staff costs (including directors' remuneration)		
– wages and salaries	**29,445**	36,514
– equity-settled share-based payment	**763**	–
– retirement benefits scheme contributions	**1,614**	2,328
	31,822	38,842
Auditors' remuneration		
– audit services	**700**	700
Expenses relating to short-term leases	**150**	–
Loss on lease termination	**210**	–
Minimum lease payments under operating lease rentals of office premises	**–**	3,074

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interests on lease liabilities	**390**	–
Interests on obligations under finance leases	**–**	135
Interests on amounts due to shareholders	**50**	11
Interests on other borrowings	**128**	107
Interests on bank borrowings	**2**	204
	570	457

8. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Current tax		
– Hong Kong	**–**	–
– PRC	**–**	–
	–	–
Under-provision in prior years		
– Hong Kong	**4**	–
	4	–

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of corporation not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the year ended 31 March 2020 and 2019.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

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.

Taxation in other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. No provision has been made as the Group had no assessable profit for the years ended 31 March 2020 and 2019.

9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 March 2020 (2019: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share attributable to owners of the Company is based on following data:

	2020	2019
Loss for the year attributable to owners of the Company *(HK$'000)*	**(76,932)**	(138,609)
Weighted average number of ordinary shares in issue *('000)*	**2,910,349**	2,121,589
Basic and diluted loss per share *(HK cents per share)*	**(2.6)**	(6.5)

The basic and diluted loss per share are the same for the years ended 31 March 2020 and 2019. The calculation of the diluted loss per share for both years did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

11. TRADE AND BILL RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables *(Note (i))*	**17,759**	20,844
Less: allowance for expected credit losses on trade receivables, net	**(2,904)**	(1,400)
	14,855	19,444
Bill receivables *(Note (ii))*	**–**	11,157
	14,855	30,601

The following is an ageing analysis of trade receivables based on invoice date, at the end of reporting period:

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**1,572**	2,054
31 to 60 days	**–**	1,553
61 to 90 days	**–**	1,682
91 to 180 days	**7**	3,872
Over 180 days	**16,180**	11,683
	17,759	20,844

Notes:

(i) 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$, RMB and US$.

In determining the recoverability of trade receivables, the directors of the Company consider any change in the credit quality of the trade receivables from the date credit were initially granted up to the reporting date. Accordingly, the directors of the Company considered that provision for impairment is value be made in respect of trade receivables to their recoverable values and believe that there is no credit provision required in excess of the allowance for doubtful debts.

(ii) As at 31 March 2020, bill receivables represent commercial draft of approximately HK$Nil (2019: approximately HK$11,157,000) will be matured within two months after the end of the reporting period. All the bill receivables are denominated in RMB.

Details of impairment assessment of trade receivables for the years ended 31 March 2020 and 2019 are set out in the consolidated financial statements.

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Deposits	**1,181**	1,369
Prepayments	**25,271**	24,755
Other receivables *(Notes (i), (ii) & (iii))*	**141,351**	168,810
	167,803	194,934
Less: allowance for expected credit losses on other receivables, net *(Note (iv))*	**(83,374)**	(76,032)
	84,429	118,902

Notes:

As at 31 March 2020, included the other receivables are several significant items as follows:

(i) *Outstanding consideration for sale of minority interest in an associated company*

Pursuant to the sale and purchase agreement dated 2 June 2015 (as supplemented and amended by two supplemental agreements thereto dated 23 June 2017 and 28 November 2017) (the "Disposal Agreement") between Elife Investment Holdings Limited (formerly known as Sino Rich Energy Holdings Limited) (a wholly-owned subsidiary of the Company) ("Elife Investment") and Jetgo Group Limited ("Jetgo"), Elife Investment agreed to dispose of 10.5% of the issued share capital of an associated company to Jetgo at the consideration of HK$150,000,000. The first and second instalments of the consideration of approximately HK$75,304,000 were settled in accordance with the schedule.

In relation to the third instalment of the consideration of approximately HK$74,696,000 due 31 December 2018, Jetgo settled HK$200,000 in June 2018 and approximately HK$74,496,000 has remained outstanding as at 31 March 2020 and 2019.

(ii) *Performance deposit due from Zhongshang Huimin (Beijing) E-Commerce Co. Ltd. ("Huimin")*

An interest-free and unsecured performance deposit of RMB50,000,000 (the "Performance Deposit") was paid by Zhongnongxin Supply Chain Management Company Limited ("Zhongnongxin") (an indirect wholly-owned subsidiary of the Company) to Huimin pursuant to the supply agreement dated 8 March 2017 (the "Supply Agreement") among Zhongnongxin, Huimin and Mr. Zhang Yichun ("Mr. Zhang"). Mr. Zhang, a non-executive Director and a vice-chairman of the Board (resigned on 29 February 2020), provided a personal guarantee to Zhongnongxin 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. 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 by various means and in particular, (a) on 20 August 2018, the Group issued a letter to Huimin requesting for immediate repayment of the Performance Deposit; (b) on 22 August 2018 and 4 September 2018 respectively, the Group requested Huimin to repay the Performance Deposit in full before 16 September 2018 by email; (c) on 27 September 2018, the PRC legal counsel of the Company, issued a demand letter to Huimin and Mr. Zhang requesting Huimin for repayment of the Performance Deposit; (d) in early November 2018, the management of the Company attended physical meetings with representatives of Huimin to negotiate on, among other things, the means to settle the Performance Deposit, which is preliminarily proposed to be either by way of loan, equity pledge or equity transfer; (e) on 10 December 2018, Huimin provided a repayment schedule in respect of settlement of the Performance Deposit and approximately RMB2,000,000 had been received during the year ended 31 March 2019; (f) On 30 May 2019, a supplemental agreement was entered into among the parties and it was agreed that Huimin shall to repay the remaining balances of the Performance Deposit on or before 16 December 2019; and (g) On 15 June 2020, a supplemental agreement was entered into among the parties and it was agreed that Huimin shall to repay the remaining balances of RMB27,700,000 of the Performance Deposit on or before 31 December 2020. The said supplemental agreement contains a clause that the Group shall have the right to demand repayment of the outstanding sum on or before the due date.

As at 31 March 2020, the Performance Deposit of approximately HK$33,529,000 (equivalent to RMB30,700,000) (2019: approximately HK$56,128,000) included in other receivables. The Performance Deposit was partially repaid approximately RMB3,000,000 in accordance with the repayment schedule subsequent to the year ended 31 March 2020.

(iii) *Loan to Graceful Ocean International Group Holding Limited ("Graceful Ocean")*

On 11 September 2014, Sino Talent Holdings Limited ("Sino Talent"), a wholly-owned subsidiary of the Company, as lender, entered into a loan agreement (the "Loan Agreement") with Graceful Ocean, as borrower and Mr. Ma Haike as first guarantor whereby Sino Talent agreed to advance to Graceful Ocean a term loan in the principal amount of HK$18 million (the "Loan") with interest accrued at the rate of 13% per annum. The parties entered into five supplemental agreements to the Loan Agreement between April 2015 and June 2018 to, among other things, postpone the maturity date of the Loan to 31 March 2019. On 24 June 2019, the parties and Mr. Gao Feng ("Mr. Gao"), an executive director and the vice-chairman of the Board, entered into the sixth supplemental agreement to the Loan Agreement with the interest rate of 10% per annum, to further postpone the maturity date of the Loan to 31 March 2020. Meanwhile, as an additional security of the repayment obligations of the borrower under the Loan Agreement (as supplemented by the six supplemental agreements), Mr. Gao, entered into a second guarantee contract ("Mr. Gao's Second Guarantee") with Sino Talent and Graceful Ocean whereby Mr. Gao agreed to act as the second guarantor and in the event and only when Mr. Ma failed to or refused to fulfill its guarantee obligations as the first guarantor, guarantee the due performance of Graceful Ocean in respect of its repayment obligations under the Loan Agreement (as supplemented by the six supplemental agreements). On 12 June 2020, the seventh supplemental agreement entered into the parties to further postpone the maturity date of the Loan to 31 March 2021.

As at 31 March 2020, the total outstanding amount of the Loan and the interest accrued thereon was approximately HK$25,598,000 (2019: approximately HK$23,686,000) and included in other receivables. The loan interest was repaid of approximately HK$327,000 subsequent to year ended 31 March 2020.

(iv) In respect of the sales consideration in Note (i), on 28 November 2018, 2 January 2019 and 25 April 2019, the Group (either by itself or through its legal advisers) issued demand letters to Jetgo while the management of both parties continued to discuss the means to settle the outstanding amount. The Company sought legal advices from two separate Hong Kong law firms on the viability and pros and cons of taking legal action against Jetgo on its failure to make the repayment in accordance with the Disposal Agreement. The Company will further instruct professionals to assess the assets and financial conditions of the Vendor, its associated companies and the sole shareholder of the Vendor in Hong Kong and elsewhere and will then decide whether or not to take legal action against the Vendor or explore other options including but not limited to disposal of the outstanding amount.

Due to the expected possibility of repayment from Jetgo in short period of time is very low and assessed its expected credit losses ("ECL") is very high by an independent firm of professional valuers, after thorough consideration, the Board decided to make an allowance for expected credit losses on the respective receivables, i.e. approximately HK$74,496,000 for the year ended 31 March 2019.

Regarding the Performance deposits in Note (ii) and loan in Note (iii), the ECLs are relatively low as supported by the repayment schedules and the personal guarantees, the provision allowance for expected credit losses on other receivables are approximately HK$688,000 and HK$5,015,000 respectively as at 31 March 2020 (2019: approximately HK$931,000 and HK$547,000 respectively).

Details of impairment assessment of other receivables for the years ended 31 March 2020 and 2019 are set out in the consolidated financial statements.

13. TRADE PAYABLES

The following is an ageing analysis of trade payables based on the invoice date, at the end of the reporting period.

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**1,040**	4,971
31 to 60 days	**–**	2,587
61 to 90 days	**–**	–
91 to 180 days	**–**	–
Over 180 days	**10**	–
	1,050	7,558

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

	2020	2019
	HK$'000	*HK$'000*
Accrued liabilities	**11,482**	10,622
Deposit received in advances	**49**	55
Other payables	**15,370**	22,066
	26,901	32,743

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in trading businesses across Asia as well as the provision of esmart digital services for retail stores in the PRC. It has also been expanding its businesses into the consumer products market conforming to the Group's business principle of "making life easier and benefiting people's livehood" (易生活，惠民生).

Commodities Trading Business

During the year ended 31 March 2020, the Group continued to focus on sourcing of overseas and domestic quality products for sales to retail channels or lower-tier agents in the PRC. To rapidly expand the customer base and trading volume, the Group continues to adopt the low margin strategy which attracts more sales channels for cooperation. The profit margin for trading business had dropped due to the strong competition during the year.

Esmart Digital Services

Esmart Group leverages on the intelligentisation of retail information as its core technology and relies on the combined application of internet, cloud computing, artificial intelligence and big data to create a brand-new platform that is closely integrated with traditional industries. With digital marketing solution as service objective and retailers as the service object, the Group provides an integrated software and hardware store management system and an information marketing solution, and is an advanced online-to-offline smart retail service provider.

RESULTS ANALYSIS

Revenue

For the year ended 31 March 2020, the Group recorded turnover of approximately HK$54,789,000 (2019: approximately HK$89,373,000), representing a decrease of approximately 38.7%. The revenue was generated from the commodities trading and the esmart digital services segments. The reasons for decrease in revenue during the year include: (i) the unfavourable market conditions and longer receivable aging affected by the unfavourable macro-economic environment, especially the China-U.S. trade dispute captured global attention with the effect of unnerving the markets at times. The aging period of trade receivables was extended from 90 to 120 days on average in the current year. The cash turnover rate decreased and the available cash for trading also decreased accordingly. This affected the Group's turnover as compared with last year. 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. The ensuing business uncertainty seriously eroded the economy as well as the profitability of the Group; (ii) the decrease in number of customers as compared with the previous year, which was due to the Group maintaining good credit risk controls on customers' receivables collection and reduced volumes of trading with slowerpaying customers; and

(iii) coupled with the COVID-19 outbreak, the operations in China was nearly suspended in the last quarter of the year ended 31 March 2020. Despite this, the unaudited turnover of approximately HK$41,847,000 from 1 April 2020 to the date of this announcement was subsequently recognised, which represented approximately 76.4% of the turnover for the year ended 31 March 2020. The business activities of the Group have already resumed gradually during the second quarter of the year 2020.

More details of the Company's performance by business segments are set out in Note 4 to the consolidated financial statements on pages 13 to 19 of this announcement.

Cost of Sales

For the year ended 31 March 2020, the cost of sales of the Group amounted to approximately HK$56,514,000 (2019: approximately HK$83,585,000), representing approximately 103.2% (2019: approximately 93.5%) of the Group's revenue and a decrease of approximately 32.4% which is in line with the fluctuation of the turnover.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The Group's gross loss for the year ended 31 March 2020 was approximately HK$1,725,000 (2019: gross profit approximately HK$5,788,000), representing a significant decrease of approximately 129.8%. For the year ended 31 March 2020, the gross profit margin was approximately 0.7% (2019: approximately 2.0%) in commodities trading business and gross loss margin was approximately 867.5% (2019: gross profit margin approximately 63.2%) in esmart digital services respectively. The decrease of gross profit margin in commodities trading business was due to the strong competition during the year. On the other hand, the increase of gross loss margin in esmart digital services was due to the fact that lower technical service fee was recognised from Zhongshang Huimin (Beijing) E-Commerce Co. Ltd ("**Huimin**") while higher provision has been made for the depreciation of the POS machinery to Huimin (booked under property, plant and equipment). The overall gross loss margin of the Group for the year ended 31 March 2020 was approximately 3.2% (2019: gross profit margin approximately 6.5%) of the Group's revenue.

Selling Expenses

During the year ended 31 March 2020, the Group recorded selling expenses of approximately HK$7,056,000 (2019: approximately HK$14,381,000). The decrease was mainly due to the scaling down of the esmart digital services segment in light of strong competition in the PRC. The Group also implemented cost control policy to lower the operating costs and streamline the workforce by cutting down the number of staff in the sales department. Thus, the selling expenses dropped accordingly in the current year.

Other Operating Expenses

Other operating expenses incurred by the Group for the year ended 31 March 2020 was approximately HK$80,346,000 (2019: approximately HK$153,542,000), representing a decrease of approximately 47.7%. The decrease was attributable to: (i) the net allowance for expected credit losses on trade and other receivables of approximately HK$8,846,000 (2019: approximately HK$73,687,000) under adoption of HKFRS 9; and (ii) impairment loss on property, plant and equipment was recognised for the year whereas approximately HK$7,918,000 was recognised for the year ended 31 March 2019, which items had non-cash impact to the Group's consolidated financial statements.

Finance Costs

The finance costs incurred by the Group for the year ended 31 March 2020 was approximately HK$570,000 (2019: approximately HK$457,000), representing an increase of approximately 24.7% (2019: approximately 297.4%). The increase was mainly due to an increase of interest expenses on lease liabilities recognised under HKFRS 16 adoption during the year, while no such finance costs was incurred in last year.

Loss for the Year Attributable to Owners of the Company

For the year ended 31 March 2020, the Group recorded a loss attributable to shareholders of approximately HK$76,932,000 (2019: approximately HK$138,609,000), representing a decrease of approximately 44.5%. Basic loss per share was approximately HK2.6 cents (2019: approximately HK6.5 cents) for the year ended 31 March 2020. The decrease was primarily attributable to the decrease in non-cash items, such as (a) net allowance for expected credit losses on trade and other receivables of approximately HK$8,846,000 (2019: approximately HK$73,687,000); and (b) no impairment loss on property, plant and equipment was recognised during the year ended 31 March 2020 (2019: approximately HK$7,918,000).

FINANCIAL REVIEW

Goodwill Impairment

As at 31 March 2020, the carrying amount of the Group's goodwill was approximately Nil (2019: approximately HK$18,320,000). 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 2020, impairment loss on goodwill of approximately HK$18,320,000 (2019: approximately HK$4,807,000) arising from esmart digital services had been recognised in profit or loss. The goodwill impairment was mainly attributable to the impact of the weak performance of the global economy and the scaling down of the esmart digital services business. The recoverable amounts based on value-in-use calculation of the aforesaid segment was 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 2020, the Group had net cash used in operating activities of approximately HK$22,963,000 (2019: of approximately HK$54,344,000), net cash generated from investing activities of approximately HK$905,000 (2019: net cash used in investing activities was approximately HK$1,028,000) and net cash generated from financing activities of approximately HK$19,787,000 (2019: approximately HK$75,536,000). As at 31 March 2020, the Group had available cash and cash balances amounting approximately HK$16,201,000 (2019: approximately HK$19,383,000).

As at 31 March 2020, surplus on shareholders' funds of the Group aggregately amounted to approximately HK$61,629,000 (2019: approximately HK$131,749,000). Net current assets of the Group amounted to approximately HK$45,174,000 (2019: approximately HK$109,428,000). The Group's total current assets and current liabilities were approximately HK$117,044,000 (2019: approximately HK$179,838,000) and HK$71,870,000 (2019: approximately HK$70,410,000) respectively, while the current ratio was approximately 1.6 times (2019: approximately 2.6 times). The Group's assets-liabilities ratio (total liabilities to total assets) was approximately 0.5 times (2019: approximately 0.4 times).

As at 31 March 2020, the Group's gearing ratio (total debts to total equity) was approximately 71.4% (2019: approximately 41.0%).

Capital Structure

The Company announced on 26 October 2018 that it entered into two subscription agreements with each of the two Directors (namely Mr. Zhang Xiaobin and Mr. Gao Feng, the respective Chairman and Vice-Chairman and both being executive Directors) (the "**Subscriptions**") on the same date whereby the two Directors agreed to subscribe for an aggregate of 1,142,857,142 shares of the Company at the subscription price of HK$0.105 each. The subscription price and the number of subscription shares were subsequently adjusted to HK$0.21 and 571,428,571 shares of the Company pursuant to supplemental agreements to the subscription agreements dated 15 November 2018 in order to reflect the adjusted subscription price and the number of subscription shares once the Share Consolidation (as defined below) has become effective.

On 26 April 2019, the Company entered into the third supplemental agreements with two Directors to revise certain major terms of the Subscriptions whereby the two Directors agreed to subscribe for an aggregate of 265,957,446 shares of the Company at the subscription price of HK$0.188 each. The aggregate gross proceeds from the Subscriptions will amount to HK$50,000,000. The extraordinary general meeting was held to pass the above resolutions on 21 June 2019. While all conditions precedent to the Subscriptions have been fulfilled, overall market conditions and sentiment deteriorated since June 2019 due to the social unrest in Hong Kong and the escalation in US-China trade tensions. The subscribers have requested, and the Company has agreed, to extend the date of completion.

On 16 January 2020, the cash consideration of approximately HK$10,000,000 under the Subscriptions was received from Mr. Zhang Xiaobin and an aggregate of 53,191,489 shares were issued at the subscription price of HK$0.188 each. The proceeds are intended to be used to satisfy the working capital requirements of the Group, including the working capital to maintain the Group's daily operations and the funding for developing the daily consumer goods trading business of the Group.

As at 31 March 2020, the cash consideration of HK$15,000,000 out of HK$40,000,000 under the Subscriptions was received from Mr. Gao Feng for his share subscription.

On 8 March 2019, Huimin International (HK) Limited ("**Huimin Int'l**"), a wholly-owned subsidiary of the Company, and Mr. Wang Haoyu ("**Mr. Wang**") entered into a loan agreement whereby Mr. Wang provided Huimin Int'l with a loan in the principal amount of RMB20,000,000. The loan bears interest at a rate of 8% per annum and would be due on the 60 days from the drawdown date of the loan. On 26 April 2019, the Company, Huimin Int'l and Mr. Wang entered into the loan capitalisation agreement (the "**Loan Capitalisation Agreement**") pursuant to which Mr. Wang conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 125,008,842 loan capitalisation shares, at the loan capitalisation subscription price of HK$0.188 each. The subscription amount payable by Mr. Wang under the Loan Capitalisation Agreement was satisfied by capitalising the outstanding principal amount of the loan and the interest accrued. The loan capitalisation took place on 10 May 2019.

Capital Expenditures and Capital Commitment

During the year ended 31 March 2020, the capital expenditures mainly for additions in property, plant and equipment amounted to approximately HK$63,000 (2019: approximately HK$1,965,000). These capital expenditures were funded by internal cash flow from operating activities.

As at 31 March 2020, the Group had capital commitment of approximately HK$259,476,000 (2019: approximately HK$277,817,000) 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 purchases 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 Instruments" to the Company's annual report for the year ended 31 March 2020.

Dividend

The Board did not recommend any payment of final dividend to shareholders for the year ended 31 March 2020 (2019: Nil).

Employees and Remuneration Policy

As at 31 March 2020, the Group had a total of 31 employees (2019: 106) 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 2020, 29,550,000 share options were granted to directors, employees and other parties while 41,300,000 share options lapsed. As at 31 March 2020, 261,667,000 share options remained outstanding.

The Group also adopted a share award scheme on 27 July 2017. During the year ended 31 March 2020, no awarded shares were granted to eligible directors, employees and other parties.

The Group is committed to providing employees with a stable working environment and continuing to uphold the principles of impartially, fairness and merit-based employment, and constantly improves the criteria for personal selection and appointment.

Material Acquisition and Disposal

The Group did not have any material acquisition and disposal for the year ended 31 March 2020.

Significant Investment

The Group did not hold any significant investment for the year ended 31 March 2020.

EVENT AFTER THE REPORTING PERIOD

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

On 29 June 2020, the Company entered into a cooperation agreement with two joint venture partners who are both independent third parties not connected with the Company and its connected persons whereby the parties agreed to establish a joint venture group as a sales platform for watches through live streaming bloggers and KOLs (key opinion leaders), direct sales, e-commerce shopping platforms and exports. The Company shall contribute the initial working capital for the joint venture group while the joint venture partners shall assist the joint venture group to negotiate with suppliers for setting up supply chains of watches and obtain the licences for using the registered trademarks of the watches. The companies constituting the joint venture group are accounted for as subsidiaries of the Company and their financial results will be consolidated into the accounts of the Group.

PROSPECTS

Since January 2020, the outbreak of COVID-19 has posed enormous impact on the global business environment. Depending on the development and spread of the epidemic subsequent to the date of this announcement, it may pose further changes in financial conditions of the Group and impact on the financial results of the Group, the extent of which cannot not be ascertained as at the date hereof. However, due to the Group's strategies in responding to COVID-19 and the Group's estimated recovery from its trading business, the management expects that the impact of COVID-19 to the financial conditions of the Group will be mitigated. The Group will pay close attention to the development of COVID-19, evaluate its impact on the financial position and operating results of the Group.

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, 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 2020.

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 on the Stock Exchange (the "**Listing Rules**") 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 2020 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
Zhang Xiaobin
Chairman

Hong Kong, 29 June 2020

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