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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 223)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Elife Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2023 together with the comparative figures of the corresponding period for 2022 as follows:

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Turnover	4	73,125	134,121
Cost of sales		<u>(66,662)</u>	<u>(133,100)</u>
Gross profit		<u>6,463</u>	<u>1,021</u>
Other income	5	516	879
Other gains – net	5	52	678
Selling expenses		(1,079)	(862)
Other operating expenses		(10,270)	(11,972)
Equity-settled share-based payment		<u>–</u>	<u>(661)</u>
Loss from operating activities	6	(4,318)	(10,917)
Finance costs	7	<u>(928)</u>	<u>(974)</u>
Loss before tax		(5,246)	(11,891)
Taxation	8	<u>–</u>	<u>(8)</u>
Loss for the period		<u>(5,246)</u>	<u>(11,899)</u>

		Six months ended	
		30 September	
		2023	2022
<i>Notes</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
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	–	(43)
Items that may be reclassified subsequently to profit or loss:			
	Exchange differences on translation foreign operations	<u>(3,132)</u>	<u>(3,284)</u>
Other comprehensive loss for the period		<u>(3,132)</u>	<u>(3,327)</u>
Total comprehensive loss for the period		<u><u>(8,378)</u></u>	<u><u>(15,226)</u></u>
Loss for the period attributable to:			
	– Owners of the Company	(4,501)	(10,607)
	– Non-controlling interests	<u>(745)</u>	<u>(1,292)</u>
		<u>(5,246)</u>	<u>(11,899)</u>
Total comprehensive (loss)/income for the period attributable to:			
	– Owners of the Company	(8,619)	(16,206)
	– Non-controlling interests	<u>241</u>	<u>980</u>
		<u><u>(8,378)</u></u>	<u><u>(15,226)</u></u>
Loss per share			
	– Basic	10 <u><u>(0.5) cents</u></u>	<u><u>(1.5) cents</u></u>
	– Diluted	10 <u><u>(0.5) cents</u></u>	<u><u>(1.5) cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		3,216	3,599
Right-of use assets		3,918	639
Financial asset at fair value through other comprehensive income		<u>257</u>	<u>274</u>
		<u>7,391</u>	<u>4,512</u>
Current assets			
Inventories		2,465	2,701
Trade receivables	11	13,323	7,705
Deposits, prepayments and other receivables	12	67,314	60,949
Cash and cash equivalents		<u>6,843</u>	<u>2,283</u>
Total current assets		<u>89,945</u>	<u>73,638</u>
Less: Current liabilities			
Trade payables	13	15,903	2,318
Accrued liabilities and other payables		17,928	20,139
Contract liabilities		366	1,015
Lease liabilities		1,542	888
Amounts due to shareholders		17,071	5,849
Amounts due to non-controlling interests		8,691	7,560
Tax payables		<u>1,084</u>	<u>1,154</u>
Total current liabilities		<u>62,585</u>	<u>38,923</u>
Net current assets		<u>27,360</u>	<u>34,715</u>
Total assets less current liabilities		<u>34,751</u>	<u>39,227</u>

		As at 30 September 2023	As at 31 March 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Less: Non-current liabilities			
Lease liabilities		2,854	515
Amounts due to shareholders		–	12,034
Amounts due to non-controlling interests		–	1,066
		<u>2,854</u>	<u>13,615</u>
Net assets		<u>31,897</u>	<u>25,612</u>
Capital and reserves			
Share capital	14	90,321	75,269
Reserves		14,548	23,556
		<u>104,869</u>	<u>98,825</u>
Equity attributable to owners of the Company		104,869	98,825
Non-controlling interests		<u>(72,972)</u>	<u>(73,213)</u>
Total equity		<u>31,897</u>	<u>25,612</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. CORPORATE INFORMATION

Elife Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on The 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 Directors consider that Ms. Liu Qihua and Mr. Gao Feng are the substantial shareholders of the Company.

The Company engages in the supply chain business for branded goods and consumer products in the Greater China region, with core activities in a comprehensive range of brand digitization services, such as brand management, brand promotion and brand supply chain, thereby establishing an integrated industry chain. In addition, the Company also engages in the supply chain, sales and marketing, and brand building of daily cleaning, anti-epidemic and licensed branded consumer goods. We are currently expanding our business to various consumer goods markets conforming to the Group’s business philosophy of “an easier life and better livelihood”, striving to provide consumers with a more comfortable, convenient, environmentally friendly, and healthier lifestyle experience.

This condensed consolidated interim financial statement has not been audited.

2. BASIC OF PREPARATION

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

These condensed consolidated interim financial statements should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 March 2023.

The accounting policies and method of computation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2023 except that the Group has adopted certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretations) as disclosed in Note 3 below.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to HKFRSs and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 September 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 March 2023.

Amended standards adopted by the Group

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these amended standards did not have a significant impact on the Group's accounting policies and did not require any adjustments.

4. SEGMENT INFORMATION

The Group organised into four operating divisions (six months ended 30 September 2022: four): supply chain business, daily clearing, anti-epidemic and other consumable products business, licensed branded consumer goods business and esmart digital services. These divisions are the basis on which the Group reports its segment information.

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

Supply chain business	Engaged in the comprehensive supply chain business for branded goods and consumer products, assisting brand suppliers expanding their sales channels and offering various value-added services such as brand building, management and promotion
Daily clearing, anti-epidemic and other consumable products business	Engaged in the sales, marketing and brand building of daily cleaning, anti-epidemic and other consumable products in the People's Republic of China (the "PRC" or "China") and overseas
Licensed branded consumer goods business	Engaged in the online sales via television network and online shopping channels of the licensed branded consumer goods in the PRC 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 sales of commodities, provision of brand promotion service, sales of daily cleaning, anti-epidemic and other consumable products and sales of licensed branded consumer goods. Revenue recognised during the periods are as following:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Disaggregation of revenue from contracts with customers		
Recognised at a point in time		
Sales of commodities	9,573	124,739
Sales of daily cleaning, anti-epidemic and other consumable products	4,827	6,408
Sales of licensed branded consumer goods	942	2,974
Recognised over time		
Provision of brand promotion services	57,783	–
Total revenue from contracts with customers	73,125	134,121

Segment revenues and results

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

For the six months ended 30 September 2023 (Unaudited)

	Supply chain business <i>HK\$'000</i>	Daily cleaning, anti-epidemic and other consumable products business <i>HK\$'000</i>	Licensed branded consumers goods business <i>HK\$'000</i>	Esmart digital services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover					
Turnover from external customers	<u>67,356</u>	<u>4,827</u>	<u>942</u>	<u>-</u>	<u>73,125</u>
Result					
Segment profit/(loss)	<u>3,518</u>	<u>154</u>	<u>(1,494)</u>	<u>(309)</u>	1,869
Unallocated other income					483
Unallocated corporate expenses					(6,670)
Finance costs					<u>(928)</u>
Loss before tax					(5,246)
Taxation					<u>-</u>
Loss for the period					<u>(5,246)</u>

For the six months ended 30 September 2022 (Unaudited)

	Supply chain business <i>HK\$'000</i>	Daily cleaning, anti-epidemic and other consumable products business <i>HK\$'000</i>	Licensed branded consumers goods business <i>HK\$'000</i>	Esmart digital services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover					
Turnover from external customers	<u>124,739</u>	<u>6,408</u>	<u>2,974</u>	<u>–</u>	<u>134,121</u>
Result					
Segment loss	<u>(2,106)</u>	<u>(127)</u>	<u>(1,555)</u>	<u>(645)</u>	(4,433)
Unallocated other income					1,460
Unallocated corporate expenses					(7,283)
Equity-settled share-based payment					(661)
Finance costs					<u>(974)</u>
Loss before tax					(11,891)
Taxation					<u>(8)</u>
Loss for the period					<u>(11,899)</u>

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales in the period (six months ended 30 September 2022: Nil).

Segment results represent the profit/(loss) generated 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 measurement.

Segment assets and liabilities

	Supply chain business <i>HK\$'000</i>	Daily cleaning, anti-epidemic and other consumable products business <i>HK\$'000</i>	Licensed branded consumer goods business <i>HK\$'000</i>	Esmart digital services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
30 September 2023 (Unaudited)					
Segment assets	<u>40,806</u>	<u>18,915</u>	<u>2,847</u>	<u>4,721</u>	<u>67,289</u>
Segment liabilities	<u>14,614</u>	<u>2,763</u>	<u>2,563</u>	<u>8,841</u>	<u>28,781</u>
	Supply chain business <i>HK\$'000</i>	Daily cleaning, anti-epidemic and other consumable products business <i>HK\$'000</i>	Licensed branded consumer goods business <i>HK\$'000</i>	Esmart digital services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
31 March 2023 (Audited)					
Segment assets	<u>25,513</u>	<u>21,245</u>	<u>2,457</u>	<u>5,438</u>	<u>54,653</u>
Segment liabilities	<u>985</u>	<u>3,343</u>	<u>2,855</u>	<u>9,397</u>	<u>16,580</u>

Reconciliation of reportable segment assets and liabilities:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Assets		
Total assets of reportable segments	67,289	54,653
Unallocated and other corporate assets:		
Property, plant and equipment	1,145	1,284
Right-of-use assets	3,707	350
Deposit, prepayments and other receivables	19,467	21,368
Cash and cash equivalents	5,728	495
	<hr/>	<hr/>
Consolidated total assets	97,336	78,150
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Total liabilities of reportable segments	28,781	16,580
Unallocated and other corporate liabilities:		
Accrued liabilities and other payables	7,156	8,944
Lease liabilities	3,740	505
Amounts due to shareholders	17,071	17,883
Amounts due to non-controlling interests	8,691	8,626
	<hr/>	<hr/>
Consolidated total liabilities	65,439	52,538
	<hr/> <hr/>	<hr/> <hr/>

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, certain lease liabilities, amounts due to shareholders and amounts due to non-controlling interests).

Other segment information

For the six months ended 30 September 2023 (Unaudited)

	Supply chain business <i>HK\$'000</i>	Daily cleaning, anti-epidemic and other consumable products business <i>HK\$'000</i>	Licensed branded consumer goods business <i>HK\$'000</i>	Esmart digital Services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	226	17	-	1	138	382
Depreciation of right-of-use assets	22	42	-	-	567	631
Additions to non-current assets*	-	-	2	-	3,925	3,927

For the six months ended 30 September 2022 (Unaudited)

	Supply chain business <i>HK\$'000</i>	Daily cleaning, anti-epidemic and other consumable products business <i>HK\$'000</i>	Licensed branded consumer goods business <i>HK\$'000</i>	Esmart digital Services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	311	18	-	109	224	662
Depreciation of right-of-use assets	353	44	-	-	525	922
Gain on waiver of other payables	-	-	-	-	55	55
Gain on lease termination and modification	34	-	-	-	581	615
Additions to non-current assets*	-	-	-	-	16	16

* Additions to non-current assets excluding 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 periods ended 30 September 2023 and 2022.

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The PRC	73,125	133,961
Overseas	—	160
	<u>73,125</u>	<u>134,121</u>

The following is an analysis of the carrying amount of non-current assets (excluding 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	
	As at 30 September 2023	As at 31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
The PRC	221	331
Hong Kong	6,913	3,907
	<u>7,134</u>	<u>4,238</u>

5. OTHER INCOME AND OTHER GAINS – NET

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other income		
Interest income on:		
Bank deposit	1	2
Other receivables	482	578
	<u>483</u>	580
Government grant (<i>Note</i>)	–	231
Sundry income	33	68
	<u>516</u>	879
	<u><u>516</u></u>	<u><u>879</u></u>
Other gains – net		
Net exchange gains	52	8
Gain on waiver of other payables	–	55
Gain on lease termination and modification	–	615
	<u>52</u>	678
	<u><u>52</u></u>	<u><u>678</u></u>

Note: Amounts represented the government grants received in respect of COVID-19 which is related to Employment Support Scheme provided by the Hong Kong Government.

6. LOSS FROM OPERATING ACTIVITIES

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The Group's loss from operating activities from continuing operations is arrived at after charging:		
Cost of inventory sold	66,662	133,100
Depreciation of property, plant and equipment*	382	662
Depreciation of right-of-use-assets*	631	922
Staff costs (including directors' remuneration)		
– wages and salaries**	6,606	6,364
– equity-settled share-based payment	–	661
– retirement benefits scheme contributions**	369	384
	<u>6,975</u>	<u>7,409</u>
Expenses relating to short-term lease*	<u>113</u>	<u>130</u>

* Expenses included in “Other operating expenses”.

** Expenses included in “Selling expenses” and “Other Operating expenses”.

7. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interests on lease liabilities	134	195
Imputed interests on amounts due to shareholders	729	585
Imputed interests on amounts due to non-controlling interests	65	194
	<u>928</u>	<u>974</u>

8. TAXATION

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
– PRC Enterprises Income Tax	–	8
	<u> </u>	<u> </u>

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong for the periods ended 30 September 2023 and 2022.

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 six months ended 30 September 2023 and 2022.

9. DIVIDENDS

The Board of the Company do not recommend a payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

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

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	(4,501)	(10,607)
Weighted average number of ordinary shares in issue ('000)	831,650	710,138
Basic and diluted loss per share (HK cents per share)	<u> (0.5) </u>	<u> (1.5) </u>

(b) Diluted

The basic and diluted loss per share are the same for the periods ended 30 September 2023 and 2022. The calculation of the diluted loss per share for both periods did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price of the shares for the period ended 30 September 2023 and 2022.

11. TRADE RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Trade receivables	39,309	33,691
Less: allowance for expected credit losses on trade receivables, net	<u>(25,986)</u>	<u>(25,986)</u>
	<u>13,323</u>	<u>7,705</u>

The following is an ageing of trade receivables based on past due date, at the end of reporting period.

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0 to 30 days	16,964	2,362
31 to 60 days	32	169
61 to 90 days	245	61
91 to 180 days	3,954	218
Over 180 days	<u>18,114</u>	<u>30,881</u>
	<u>39,309</u>	<u>33,691</u>

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Deposits	527	912
Prepayments	41,396	33,032
Other receivables (<i>Note (i), (ii) & (iii)</i>)	<u>101,828</u>	<u>103,442</u>
	143,751	137,386
Less: allowance for expected credit losses on other receivables, net (<i>Note (iii)</i>)	<u>(76,437)</u>	<u>(76,437)</u>
	<u>67,314</u>	<u>60,949</u>

Notes:

As at 30 September 2023, 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 30 September 2023 (31 March 2023: approximately HK\$74,496,000).

As at 30 September 2023 and 31 March 2023, a full provision was made.

- (ii) *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 (“Mr. Ma”) 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”), the former executive director of the Company who retired on 29 September 2023, 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. On 23 April 2021, Mr. Gao entered into a repayment agreement with Sino Talent to take up responsibilities to repay the outstanding balances according to the repayment schedule on behalf of Graceful Ocean when Mr. Ma failed to settle of the Loan. The repayment schedule has been agreed and due on 31 December 2022. The interest rate was changed to 5% per annum.

On 17 January 2023, Mr. Gao entered into an amendment agreement to the repayment agreement with Sino Talent to extend Mr. Gao's payment schedule in respect of the outstanding balance of the Loan. The repayment schedule has been agreed and due on 31 December 2023. The interest rate is remained 5% per annum.

As at 30 September 2023, the total outstanding amount of the Loan and the interest accrued thereon was approximately HK\$20,147,000 (31 March 2023: approximately HK\$21,936,000) and included in other receivables. The loan was repaid in the amount of approximately HK\$2,271,000 (year ended 31 March 2023: approximately HK\$3,811,000) during the period ended 30 September 2023.

- (iii) 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 during the year ended 31 March 2019.

Regarding the loan balance in Note (ii), the ECL is relatively low as supported by the repayment schedule and the personal guarantees, the provision allowance for expected credit losses on other receivable is approximately HK\$1,762,000 as at 30 September 2023 and 31 March 2023.

13. TRADE PAYABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
0 to 30 days	13,369	228
31 to 60 days	–	77
61 to 90 days	34	103
91 to 180 days	420	460
Over 180 days	2,080	1,450
	15,903	2,318

14. SHARE CAPITAL OF THE COMPANY

	Number of shares		Amount	
	As at 30 September 2023 '000	As at 31 March 2023 '000	As at 30 September 2023 '000	As at 31 March 2023 '000
Authorised:				
Ordinary shares of HK\$0.1 each	3,000,000	3,000,000	60,000	60,000
Issued and fully paid:				
At beginning of the period/year	752,688	678,528	75,269	67,853
Placement of shares (<i>Notes (i)</i>)	150,520	74,160	15,052	7,416
At the end of the period/year	903,208	752,688	90,321	75,269

Notes:

- (i) On 27 June 2023, the Company successfully placed 150,520,000 shares at a placing price of HK\$0.103 through a placing agent to not less than six independent placees. The gross proceeds from the placing was approximately HK\$15,504,000, and the net proceeds, after deducting the placing commission, professional fees and all related expenses were approximately HK\$14,663,000.

On 15 July 2022, the Company successfully placed 74,160,000 shares at a placing price of HK\$0.103 through a placing agent to not less than six independent placees. The gross proceeds from the placing was approximately HK\$7,639,000, and the net proceeds, after deducting the placing commission, professional fees and all related expenses, are approximately HK\$7,354,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Elife Holdings Limited (the “Company” or “Elife”, together with its subsidiaries, the “Group”) is principally engaged in the supply chain business for branded goods and consumer products in the Greater China region. The Group’s core activities encompass a comprehensive range of brand digitization services, such as brand management, brand promotion and brand supply chain, thereby establishing an integrated industry chain. In addition, the Company also engages in the supply chain, sales and marketing, and brand building of daily cleaning, anti-epidemic and licensed branded consumer goods. We are currently expanding our business to various consumer goods markets conforming to the Group’s business philosophy of “an easier life and better livelihood”, striving to provide consumers with a more comfortable, convenient, environmentally friendly, and healthier lifestyle experience.

The Group has been managing the following businesses:

SUPPLY CHAIN BUSINESS

The Group is engaged in the comprehensive supply chain business for branded goods and consumer products, focusing on assisting brand suppliers expanding their online and offline sales channels, establishing direct sales channels with end customers (B2C2C), and offering various value-added services such as brand building, management and promotion for brand owners (or their advertising agents) to form a complete industry chain.

DAILY CLEANING AND ANTI-EPIDEMIC PRODUCTS BUSINESS

The Company possesses the brand “易安生”/“E’ANSN” and the supply chain including the formula, brand and package design of the anti-epidemic and daily cleaning products and is principally engaged in the sale, marketing and brand building of such products in the PRC and overseas.

LICENSED BRANDED CONSUMER GOODS BUSINESS

The Group’s licensed branded consumer goods business currently includes licensed branded watches and ladies’ handbags, and its own sales channels have already been established, which include direct export sales, a self-operated e-commerce app, live video streaming television channels (including several television networks in Beijing, Jiangxi, Zhejiang, Shandong and Guangxi). Recently, it has successfully registered on TikTok, an online live-streaming social platform, and has established a brand website as well as a WeChat Mini Shop. The Group plans to expand its sales channels to third party e-commerce apps such as Taobao and Tmall. During 2023, the Group became the exclusive licensee of an Australian brand “ROYAL ELASTICS” in China to use its brand name for the manufacturing, packaging, sales and marketing of its branded products such as watches and sports shoes within mainland China. The Group is actively exploring and developing new product lines such as sport and casual shoes, men’s underwear, etc., to further expand its business in other branded products.

BUSINESS PROSPECTS AND FUTURE DEVELOPMENTS

The Group has restructured and upgraded its business since the easing of the novel coronavirus pandemic earlier this year, and has continued to explore new opportunities in the Greater China region to realise improvement in gross margins. In addition to building stronger supply chain partnerships in the PRC, our team has also successfully expanded our sales channels at various levels, breaking the traditional business to business (B2B) model and opening up different online and offline sales channels to achieve a business to channels to customers (B2C2C) model. Currently, the Group has set up a WeChat applet transaction platform (“City Corridor”) to sell its goods within the supply chain directly to customers. In addition, the Group has developed various value-added services such as brand building, management and promotion for brand owners (or their advertising agents) to create higher value for the Group.

Adhering to the Group’s business philosophy of delivering “an easier life and better livelihood”, the Group is committed to providing consumers with a more comfortable, convenient, environmentally friendly and healthier lifestyle experience. With years of operational experience and continuous development, the Group’s business system has evolved into a more mature framework. Currently, in addition to mainly engaging in the supply chain business for branded goods and consumer products, the Group also aims to become an industry-leading brand digitization service provider, focusing on brand management, brand promotion and brand supply chain to provide comprehensive lifecycle digitalization service for brands. By offering these holistic services, we aim to empower brands to thrive, fostering innovation and accelerating growth while maximizing revenue.

(1) Brand Management

In view of the Group’s marketing resources and advantages in the digitalization and internet technologies field, the Group is able to provide brand management services, which include strategy formulation, planning and execution, brand incubation, investment in brand assets, enhancement of brand and product image and market recognition in areas such as innovation, intellectual property rights management, brand private domain marketing, membership rights services, event planning and execution, etc.

(2) Brand Promotion

The Group is expanding its media advertising resources, targeting various sources of screen such as face recognition screens in hotels, LCD screens in elevators, in-room television screens, large screens in hotel lobbies, restaurant/interactive screens, various screens in airports and high-speed rail stations, as well as the “City Corridor” offline resources in various major cities, to be developed as advertising resources and to carry out advertising, brand display and experience activities, so as to enhance the market reputation and influence of the brands.

(3) Brand Supply Chain

In view of the Group’s strength in nationwide supply chain resources and its online and offline sales channels across hotels in China, the Group will make use of its nationwide high-end hotels’ scenario-based channels, sales spaces and online shops to facilitate the expansion of the brands’ sales channels.

On 24 November 2023, the Group entered into a brand strategic cooperation agreement with Jiangsu Skywell New Energy Automobile Co. Ltd. (“Jiangsu Skywell”), one of the leading new energy automobile manufacturers in China, for a strategic cooperation plan regarding the three major business areas, namely, digital management, brand promotion and brand supply chain in respect of their brand, “Skyworth Auto”. It marked the first time the Group is serving enterprises in the new energy sector and opened up services to emerging industries related to new energy, such as charging stations. The Company is confident that this cooperation model can be replicated in other sectors, thus enabling the Group to provide comprehensive branding services to more renowned brands and create more favourable conditions for brand owners, which is in line with the Company’s business philosophy of delivering “an easier life and better livelihood”.

RESULTS ANALYSIS

REVENUE

For the six months ended 30 September 2023 (the “Period”), the Group recorded turnover of approximately HK\$73,125,000 (six months ended 30 September 2022: approximately HK\$134,121,000), representing a decrease of approximately 45% from last year. The Group’s revenue was generated from the supply chain business segment, daily cleaning, anti-epidemic and other consumable products segment, and licensed branded consumer goods segment. The decrease in revenue during the Period was mainly due to a 92% decrease in sales of commodities to approximately HK\$9,573,000 (six months ended 30 September 2022: approximately HK\$124,739,000) as a result of a scale down of sales in copper rod, given its low gross profit margin. During the Period, we have reallocated our resources to develop the supply chain business with a focus on brand promotion. Consequently, we achieved a revenue of approximately HK\$57,783,000 (six months ended 30 September 2022: nil) from the provision of brand promotion services.

COST OF SALES

For the Period, the cost of sales of the Group amounted to approximately HK\$66,662,000 (six months ended 30 September 2022: approximately HK\$133,100,000), representing a decrease of approximately 50%. This reduction was primarily driven by a decreased cost of sales of approximately HK\$9,566,000 (six months ended 30 September 2022: approximately HK\$124,651,000) from sales of commodities which was offset by an increased cost of sales of approximately HK\$51,843,000 (six months ended 30 September 2022: nil) from the provision of brand promotion services, both of which are under the supply chain business segment.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group’s gross profit for the Period was approximately HK\$6,463,000 (six months ended 30 September 2022: approximately HK\$1,021,000), representing an increment of approximately 5.3 times from last year. For the Period, the overall gross profit margin has increased to approximately 8.8% (six months ended 30 September 2022: approximately 0.8%) mainly due to an enhanced margin from the provision of brand promotion services under the supply chain business segment.

SELLING EXPENSES

During the Period, the Group recorded selling expenses of approximately HK\$1,079,000 (six months ended 30 September 2022: approximately HK\$862,000). The increase was mainly due to the additional headcount that we recruited for the development of supply chain business segment and offering various value-added services such as brand promotion to our customers.

OTHER OPERATING EXPENSES

Other operating expenses incurred by the Group for the Period was approximately HK\$10,270,000 (six months ended 30 September 2022: approximately HK\$11,972,000), representing a decrease of approximately 14%. The Group implemented stringent cost control policy to lower the operating costs and streamline the workforce for cost savings.

EQUITY-SETTLED SHARE-BASED PAYMENT

There was no equity-settled share-based payment during the Period. For the six months ended 30 September 2022, there was approximately HK\$661,000 equity-settled share-based payment which represented the vesting of awarded shares granted under the share award scheme of the Company. No new share award or share options were granted during the Period.

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the Period, the Group recorded a loss attributable to shareholders of approximately HK\$4,501,000 (six months ended 30 September 2022: approximately HK\$10,607,000), representing a significant decrease of approximately 58%. Basic loss per share for the Period was approximately HK\$0.5 cent (six months ended 30 September 2022: approximately HK\$1.5 cents). The significant reduction in loss was attributable to the Group's proactive effort in developing its brand promotion service under the supply chain business segment for which the Group recorded an overall gross profit of approximately HK\$6,463,000 (six months ended 30 September 2022: approximately HK\$1,021,000). The Group's expanded and enhanced supply chain business with multiple sales channels and value-added services has elevated the Group's overall profit margin as compared to the traditional supply chain business that the Group has engaged in last year.

INTERIM DIVIDEND

The Board did not recommend payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

For the Period, the Group had net cash outflow from operating activities of approximately HK\$6,214,000 (six months ended 30 September 2022: approximately HK\$7,686,000), net cash outflow from investing activities of approximately HK\$1,000 (six months ended 30 September 2022: net approximately HK\$14,000) and net cash inflow from financing activities of approximately HK\$12,370,000 (six months ended 30 September 2022: approximately HK\$6,360,000). As at 30 September 2023, the Group had available cash and cash balances amounting approximately HK\$6,843,000 (31 March 2023: approximately HK\$2,283,000).

As at 30 September 2023, surplus on shareholders' funds of the Group aggregately amounted to approximately HK\$31,897,000 (31 March 2023: approximately HK\$25,612,000). Net current assets of the Group amounted to approximately HK\$27,360,000 (31 March 2023: approximately HK\$34,715,000). The Group's total current assets and current liabilities were approximately HK\$89,945,000 (31 March 2023: approximately HK\$73,638,000) and HK\$62,585,000 (31 March 2023: approximately HK\$38,923,000) respectively, while the current ratio was approximately 1.4 times (31 March 2023: approximately 1.9 times). The Group's assets-liabilities ratio (total liabilities to total assets) was approximately 0.7 times (31 March 2023: approximately 0.7 times).

As at 30 September 2023, the Group's gearing ratio (total debts to total equity) was approximately 95% (31 March 2023: approximately 109%).

CAPITAL STRUCTURE

On 27 June 2023, the Company successfully placed 150,520,000 ordinary shares at a placing price of HK\$0.103 through a placing agent to not less than six independent placees (the "**June Placing**"). The aggregate nominal value of the shares under the June Placing was HK\$15,052,000. The gross proceeds from the June Placing were approximately HK\$15,504,000, and the net proceeds, after deducting the placing commission, professional fees and all related expenses, were approximately HK\$14,663,000. The Board was of the view that the June Placing would strengthen the financial position of the Company and represent a good opportunity to broaden the shareholders' base and capital base of the Company. The net proceeds from the June Placing of approximately HK\$14,663,000 were fully utilized as to HK\$10,437,000 for the purposes of replenishing the working capital of the Group and as to HK\$4,226,000 for developing the Group's businesses.

For details of the June Placing, please refer to the announcements of the Company dated 12 December 2022, 5 January 2023, 20 January 2023, 16 February 2023, 10 March 2023, 31 March 2023, 21 April 2023, 12 May 2023, 2 June 2023, 23 June 2023 and 27 June 2023.

On 1 November 2023, the Company successfully placed 180,640,000 ordinary shares at a placing price of HK\$0.14 through a placing agent to not less than six independent placees (the “**November Placing**”). The aggregate nominal value of the shares under the November Placing was HK\$18,064,000. The gross proceeds from the November Placing were approximately HK\$25,290,000, and the net proceeds, after deducting the placing commission, professional fees and all related expenses were approximately HK\$24,500,000. The Board was of the view that the Placing would strengthen the financial position of the Company and represent a good opportunity to broaden the Shareholders’ base and capital base of the Company. The net proceeds from the November Placing are intended to be used as to HK\$2,500,000 for replenishing the working capital of the Group and as to HK\$22,000,000 for developing the Group’s businesses. As of the date of this announcement, HK\$112,000 of the net proceeds from the November Placing is not yet utilised and is expected to be fully utilised for developing the Group’s businesses by December 2023.

For details of the November Placing, please refer to the Company’s announcements dated 16 October 2023 and 1 November 2023.

CAPITAL COMMITMENT

As at 30 September 2023, the Group had capital commitment of approximately HK\$163,642,000 (31 March 2023: approximately HK\$174,339,000) in respect of the authorised and contracted for capital contributions payable to subsidiaries.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

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

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

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2023.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group had a total of 63 employees (31 March 2023: 44) in Hong Kong and the PRC. 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.

During the Period, no share options under the share option scheme of the Company were granted to directors and employees of the Group and other parties while 1,160,000 share options lapsed. As at 30 September 2023, 39,820,000 share options remained outstanding.

On 28 January 2022, the Group granted and issued new 13,600,000 awarded shares under the share award scheme of the Company to seven selected participants. The Group recognised total expenses for the vesting of awarded shares of approximately HK\$661,000 during the six months ended 30 September 2022.

All new awarded shares were vested as at 30 September 2023 and 31 March 2023.

CONTINUING CONNECTED TRANSACTIONS

On 9 November 2020, Smart Challenger Global Limited (“Smart Challenger”), an indirect non wholly-owned subsidiary of the Company, entered into the procurement framework agreement with Yangzhou Yiyuantang Commodity Co., Ltd. (“Yangzhou Yuanda”) whereby Smart Challenger or its subsidiaries would procure and Yangzhou Yuanda would supply daily cleaning and anti-epidemic products for a term of two years and four months from 1 September 2020 to 31 December 2022 (both days inclusive) (the “2020 Procurement Framework Agreement”). As Mr. Zhu Qian (“Mr. Zhu”) controls more than 30% of the voting power in general meetings of Yangzhou Yuanda, and Mr. Zhu was also a substantial shareholder of Century Smart Group Limited (“Century Smart”) and Smart Challenger, both of which are non wholly-owned subsidiaries of the Company, Mr. Zhu was, therefore, a connected person of the Company. The transactions contemplated under the Procurement Framework Agreement constitute continuing connected transactions of the Company under the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

As the 2020 Procurement Framework Agreement expired on 31 December 2022 and the Group intends to continue carrying out the existing transactions under the 2020 Procurement Framework Agreement in the ordinary and usual course of business of the Group, Smart Challenger, Yangzhou Yuanda and Mr. Zhu entered into a renewal agreement on 9 January 2023, for a term of three years from 1 January 2023 to 31 December 2025 (the “2023 Procurement Framework Agreement”). The annual caps for the transactions as contemplated under the 2023 Procurement Framework Agreement for the three years ending 31 December 2023, 31 December 2024 and 31 December 2025 are RMB15,000,000, RMB20,000,000 and RMB25,000,000 respectively.

Our independent non-executive Directors had reviewed the terms and conditions of the 2020 Procurement Framework Agreement and the 2023 Procurement Framework Agreement, and considered that both of the said agreements and the transactions contemplated therein were in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any major acquisition and disposal for the six months ended 30 September 2023.

MATERIAL RELATED PARTY TRANSACTION

Details of material related party transactions of the Group as at 30 September 2023 are to be set out in Note 21 to the condensed consolidated interim financial statements in the interim report of the Company for the six months ended 30 September 2023 which will be published in due course.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the six months ended 30 September 2023.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, the Group has the following events occurred subsequent to the end of the reporting period:

- (i) On 24 November 2023, the Company entered into a brand strategic cooperation framework agreement with Jiangsu Skywell to initiate an all-round cooperation in respect of digital management, brand promotion and brand supply chain business of the brand “Skyworth Auto” operated by Jiangsu Skywell in the new energy automobile field in China.

Details of the strategic cooperation agreement were disclosed in the announcement of the Company dated 27 November 2023.

- (ii) On 1 November 2023, the Company successfully placed 180,640,000 shares at a placing price of HK\$0.14 through a placing agent to not less than six independent places. The gross proceeds from the Placing were approximately HK\$25,290,000, and the net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, were HK\$24,500,000. The net proceeds are intended to be used as to HK\$2,500,000 for replenishing the working capital of the Group and as to HK\$22,000,000 for developing the Group’s businesses.

For details, please refer to the Company’s announcements dated 16 October 2023 and 1 November 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company or any of its subsidiaries had not purchased, redeemed or sold any of the Company’s listed securities during the six months ended 30 September 2023.

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 of the Audit Committee are Mr. Cheng Wing Keung, Raymond and Mr. Wong Hoi Kuen. The Audit Committee reviewed and discussed with the Company’s management the interim results of the Group for the six months ended 30 September 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company applied the principles and complied with all code provisions in Part 2 - Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2023.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company’s results announcement for the six months ended 30 September 2023 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 interim report of the Company for the six months ended 30 September 2023 will be despatched to the shareholders and published on the above websites in due course.

By Order of the Board
Elife Holdings Limited
Chiu Sui Keung

Executive Director and Chief Executive Officer

Hong Kong, 29 November 2023

As at the date of this announcement, the executive Directors are Mr. Chiu Sui Keung, Ms. Qin Jiali, Mr. Zhang Shaoyan, Mr. Zhao Zhenzhong and Mr. Guo Wei, and the independent non-executive Directors are Mr. Lam Williamson, Mr. Cheng Wing Keung Raymond, Mr. Wong Hoi Kuen and Dr. Lam Lee G..