

E-LIFE INTERNATIONAL LIMITED

益華國際投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0370)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004

The Board of Directors of E-LIFE International Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2004 as follows:

		Six months ended 30th September,	
		2004	2003
	NOTES	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Turnover	3	5,649	35,285
Cost of sales		(4,403)	(28,936)
Gross profit		1,246	6,349
Other operating income		862	760
Administrative expenses		(8,091)	(7,339)
Loss from operations	4	(5,983)	(230)
Finance costs		–	(25)
Share of results of an associate		(4,586)	(2,428)
Loss before taxation		(10,569)	(2,683)
Taxation	5	–	103
Net loss for the period		(10,569)	(2,786)
Loss per share – basic and diluted	6	HK cent 0.2	HK cent 0.1

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2004

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment property and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2004.

3. SEGMENTAL INFORMATION

For management purposes, the Group is currently organised into the following divisions. These are the basis on which the Group reports its primary segment information.

Business segments

For the six months ended 30th September, 2004

	Investment securities HK\$'000	International air and sea freight forwarding HK\$'000	Consolidated HK\$'000
Turnover			
External	<u>–</u>	<u>5,649</u>	<u>5,649</u>
Results			
Segment results	<u>282</u>	<u>(28)</u>	254
Unallocated corporate expenses			(6,811)
Interest income			<u>574</u>
Loss from operations			(5,983)
Finance costs			–
Share of results of an associate			<u>(4,586)</u>
Loss before taxation			<u>(10,569)</u>

For the six months ended 30th September, 2003

	Investment securities HK\$'000	International air and sea freight forwarding HK\$'000	Consolidated HK\$'000
Turnover			
External	<u>29,458</u>	<u>5,827</u>	<u>35,285</u>
Results			
Segment results	<u>5,206</u>	<u>(13)</u>	5,193
Unallocated corporate expenses			(5,999)
Interest income			<u>576</u>
Loss from operations			(230)
Finance costs			(25)
Share of results of an associate			<u>(2,428)</u>
Loss before taxation			<u>(2,683)</u>

4. LOSS FROM OPERATIONS

Six months ended 30th September,	
2004	2003
HK\$'000	HK\$'000

Loss from operations has been arrived at after charging (crediting):

Depreciation of property, plant and equipment	196	194
Loss on disposal of investments in securities	–	1,798
Unrealised holding gain on investments in securities	–	(6,908)
Interest income	(574)	(576)
Dividend income from investments in securities	<u>(282)</u>	<u>–</u>

5. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements for the period ended 30th September, 2004 as the Group has no assessable profits arising in Hong Kong.

No provision for Hong Kong Profits Tax has been made in the financial statements for the period ended 30th September, 2003 as there were available tax losses brought forward to offset the estimated assessable profits arising in Hong Kong.

The taxation charge for the period ended 30th September, 2003 represented the taxation in other jurisdictions of which was calculated at the rates prevailing in the respective jurisdictions.

6. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the period of HK\$10,569,000 (2003: 2,786,000 for the six months ended 30th September, 2003) and on 4,402,381,660 ordinary shares (4,402,381,660 ordinary shares for the six months ended 30th September, 2003) in issue during the period.

The diluted loss per share is not shown as the exercise of the share options would result in a decrease in the loss per share for both periods.

INTERIM DIVIDEND

The Board of Directors has resolved not to recommend the payment of any interim dividend for the six months ended 30th September, 2004 (2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

In the six months ended 30th September, 2004, the Group continued to consolidate its existing operations and has paved the way for the development of a long-term stable income source. Despite adjustment in the Group's turnover and operation loss, the Group managed to further strengthen its cash flow and maintain a healthy balance sheet with no long-term liability.

The Group's turnover for the period under review was HK\$5.6 million, representing a decrease of 84% over the corresponding period. The loss attributable to shareholders for the period was HK\$10.60 million (2003: HK\$2.8 million loss).

Freight Forwarding Business

The turnover of the Group's international forwarding agency business was HK\$5.6 million for the six months ended 30th September, 2004 (2003: HK\$5.8 million), representing an decrease of 3% as compared to the corresponding period last year. Total gross profit/(loss) was HK\$1.2 million profit, (2003: HK\$0.1 million loss), an increase of HK\$1.3 million comparing with last corresponding period.

The Group's freight forwarding business was stabilized after continuous encountering a severe setback in the previous periods. Though international freight forwarding business is still a very thin margin competition, the strategic action by the management for strategic repositioning sees its effect and there is a turnaround. Operating profit on freight forwarding business has substantially increased. Meanwhile, the Group is highly selective in its customers; it is actively seeking business opportunity with strategic partner in freight forwarding business in China.

Securities Investment

Contribution on investment securities amounted to HK\$5.2 million for the six months ended 30th September, 2003 and there is no activity and unrealised holding gain during the current period. (2003: Unrealised holding gain HK\$6.9 million).

Bio-medical Business

After series of acquisitions and capital re-structuring, our investment, Nanjing E-life develops a platform for the future growth of different bio-medical projects independently. There is no need for further substantial investment in the bio-medical venture.

LIQUIDITY AND CASHFLOW RESOURCES

The gearing ratio maintained at zero and the current ratio increased from 2.87 to 2.97. The calculation of gearing ratio is based on interest bearing borrowings of Nil (31st March, 2004: Nil) and the shareholders' equity of HK\$76,970,000 (31st March, 2004: HK\$87,610,000) at the balance sheet date. The calculation of current ratio is based on the current assets of HK\$21,829,000 (31st March, 2004: HK\$31,226,000) and the current liabilities of HK\$7,350,000 (31st March, 2004: HK\$10,889,000) at the balance sheet date.

PLEDGE OF ASSETS

At the balance sheet date, the Group's bank deposits of HK\$200,000 (31st March, 2004: HK\$200,000) were pledged to banks to secure general banking facilities granted to the Group.

On 2nd December, 2004, the Group had mortgaged its long term investment in securities of the Promoters' Shares of Beijing Beida Jade Bird Universal Sci-Technology Company Limited in amount of HK\$16,800,000 as the security of the redeemable convertible bonds.

CHANGE OF DIRECTORSHIP

On 16th September 2004, Mr. Wang Da Yong and Mr. Lee Yuen Kwong were appointed as executive director and independent non-executive director respectively while Mr. Lee Yuen Kwong also appointed as a member of the audit committee of the Company.

EMPLOYEES AND HUMAN RESOURCES POLICY

The Group had approximately 26 staff at the period end. Staff cost amounted to HK\$2,624,000 (2003: HK\$2,764,000). The Group is well acquainted with the importance of the maintaining high calibre and competent employees by implementing a strict recruitment policy accordingly. It offers benefit like shares options to staff in order to instill a place of loyalty of the Company.

BUSINESS PROSPECT

The Group is principally engaged in international air and sea freight forwarding and the provision of logistics services, research and development and marketing of gene technology products. The Group is also actively looking for investment opportunities in relating to the coking industry in the PRC.

On 13th July 2004, the Group entered into a non-legally binding memorandum of understanding for the acquisition of a controlling interest in a coking venture, Gu Jiao Yi Yi Mei Jiao Company Limited. The Board confirms that such project is still in the negotiation stage and no formal agreement has been entered into by the Company in respect thereof.

On 2nd December, 2004, the Group entered into a subscription agreement for issue up to US\$10,000,000 redeemable convertible bonds with Asset Managers (China) Fund Co., Ltd. We believe the issue of the bonds can strengthen our financial position enabling the Company to have sufficient and readily available financial resources for the proposed investment in the coking industry in the PRC so as to further diversify its business into the growing coke related production industry in the PRC.

CONTINGENT LIABILITIES

At the balance sheet date, the Group does not have any contingent liabilities (31st March, 2004: Nil).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries purchase, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2004.

AUDIT COMMITTEE

The Audit Committee of the Board, consisted of three independent non-executive directors, has reviewed the interim results and recommended its adoption by the Board.

The Interim Report, which is prepared in accordance with SSAP 25 "Interim Financial Reporting", has also been reviewed by the Company's independent auditors Messrs. Deloitte Touche Tohmatsu in accordance with the Statement of Auditing Standards 700 "Engagement to Review Interim Financial Reports".

CORPORATE GOVERNANCE

Save that the independent non-executive directors and non-executive director of the Company are not appointed for specific terms as they are subject to retirement by rotation at annual general meeting in accordance with the Company's Bye laws, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the six months ended 30th September, 2004.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

All information that is required by paragraph 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited will be published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) in due course.

As at the date of this announcement, the Board comprises eight executive directors, namely Mr. Wang Jian Hua, Mr. Ng Tang, David, Mr. Bao Wen Bin, Mr. Pak Chung, Mr. Ren Zheng, Ms. Ma Jun Li, Ms. Cheung Hoi Ping and Mr. Wang Da Yong and three independent non-executive directors, namely Ms. Chung Kwo Ling, Mr. Sun Yeung Yeung and Mr. Lee Yuen Kwong.

By Order of the Board
Wang Jian Hua
Chairman

Hong Kong, 17th December, 2004

* *for identification purpose only*

Please also refer to the published version of this announcement in The Standard.