意科控股

eFORCE HOLDINGS LIMITED

意 科 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 0943)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of eForce Holdings Limited (the "Company") is please to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 together with the unaudited comparative figures for the corresponding period 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2008 – unaudited

		Six months ended 30 June	
		2008	2007
	Note	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	3	**71,609**	79,060
Cost of sales		**(61,183)**	(61,776)
Gross profit		**10,426**	17,284
Other income		**3,216**	2,820
Distribution costs		**(1,962)**	(2,483)
Administrative expenses		**(20,118)**	(19,997)
Other operating expenses		**(50)**	(710)
Loss from operations		**(8,488)**	(3,086)
Finance costs		**(547)**	(504)
Loss before taxation	4	**(9,035)**	(3,590)
Taxation	5	**(1,143)**	(91)
Loss attributable to shareholders		**(10,178)**	(3,681)
		HK cents	*HK cents*
Loss per share	6		
Basic		**(0.38)**	(0.16)
Diluted		**N/A**	N/A

* *For identification only*

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 June 2008 – unaudited

	Note	At 30 June 2008 HK$'000 (unaudited)	At 31 December 2007 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**24,044**	24,289
		24,044	24,289
Current assets			
Inventories		**21,575**	18,715
Trade and other receivables	8	**25,758**	17,644
Pledged bank deposits		**1,500**	1,500
Cash and bank balances		**95,498**	104,203
		144,331	142,062
Current liabilities			
Trade and other payables	9	**(73,808)**	(62,228)
Borrowings		**(3,757)**	(4,073)
Unsecured other loans		**(6,500)**	(6,500)
Current tax liabilities		**(5,304)**	(4,489)
		(89,369)	(77,290)
Net current assets		**54,962**	64,772
Total assets less current liabilities		**79,006**	89,061
Non-current liabilities			
Borrowings		**(3,077)**	(4,161)
NET ASSETS		**75,929**	84,900
Capital and reserves			
Share capital		**132,896**	132,896
Reserves	10	**(56,967)**	(47,996)
TOTAL EQUITY		**75,929**	84,900

NOTES:

1. Basis of preparation

The interim financial statements are unaudited, but have been reviewed by the Company's Audit Committee.

The unaudited interim financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. Principal accounting policies

The unaudited interim financial statements have been prepared under the historical cost convention and modified by the revaluation of land and buildings, which are carried at their fair values. Except as described below, the accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the Group financial statements for the year ended 31 December 2007.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group:

- HK(IFRIC) — Int 11, "HKFRS 2 — Group and treasury share transactions"
- HK(IFRIC) — Int 12, "Service concession arrangements"
- HK(IFRIC) — Int 14, "HKAS 19 — the limit on a defined benefit asset, minimum funding requirements and their interaction"

The HKICPA had issued a number of new standards, interpretations and amendments to standards which are effective for accounting period beginning 1 July 2008 and have not been early adopted by the Group. The Group expects the adoption of these new or revised HKFRSs will have no material impact on the financial statements of the Group and will not result in substantial changes to the Group's accounting policies.

3. Turnover and segment information

The Company is an investment holding company. During the period ended 30 June 2008, the Group is wholly engaged in the manufacture and sales of healthcare and household products.

Turnover represents the aggregate of sales value of goods supplied to customers less goods returned, trade discounts and sales tax.

During the period, segment information is presented in respect of the Group's business and geographical segments. Business segment information will continue to be chosen as the primary reporting format as this is more relevant to the Group's internal financial reporting.

(i) Business segments

The Group has been operating in a single business segment that is the manufacturing and sales of healthcare and household products.

(ii) Geographical segments

	Group turnover Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Geographical locations of customers		
North America	**24,821**	22,742
Europe	**21,220**	30,839
Asia	**23,273**	22,907
Others	**2,295**	2,572
	71,609	79,060

4. Loss from ordinary activities before taxation

Loss from ordinary activities before taxation is arrived at after charging/(crediting):

		Six months ended 30 June	
		2008	2007
		HK$'000	*HK$'000*
(a)	Finance costs:		
	Interest on borrowings	**547**	504
(b)	Other items:		
	Cost of inventories	**45,866**	46,762
	Staff costs	**20,177**	18,165
	Depreciation	**3,277**	2,145
	Net profit on disposal of fixed assets	**(42)**	(148)
	Interest income	**(475)**	(77)

5. Taxation

Provision for Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries in which the subsidiaries operate.

No provision for Hong Kong profits tax has been made for the period, as the Group did not generate any assessable profits arising in Hong Kong.

No deferred tax assets in respect of the accumulated losses has been recognised as it is not probable that future profits will be available against which the asset can be utilized.

6. Loss per share

a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of HK$10,178,000 (30 June 2007: HK$3,681,000) and the weighted average number of ordinary shares of 2,657,926,789 (30 June 2007: 2,307,771,540) in issue during the period.

b) Diluted loss per share

No diluted loss per share is presented as the inclusion of the effects of all potential dilutive ordinary shares would have an anti-dilutive effect on the basic loss per share for both the current and prior periods.

7. Dividends

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2008 (30 June 2007: HK$Nil).

8. Trade and other receivables

Included in trade and other receivables are trade debtors (net of specific provisions for bad and doubtful debts) with the following ageing analysis:

	At 30 June 2008	At 31 December 2007
	HK$000	*HK$'000*
Current	**14,364**	16,355
1 to 3 months overdue	**5,660**	4,793
More than 3 months but less than 12 months overdue	**1,720**	5
More than 12 months overdue	**126**	170
Total trade debtors and bills receivables	**21,870**	21,323
Other debtors, deposits and prepayments	**3,867**	3,786
Amount due from associates	**21**	21
	25,758	25,130

9. Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis:

	At 30 June 2008	At 31 December 2007
	HK$000	*HK$'000*
Due within 1 month or on demand	**14,343**	10,349
Due after 1 month but within 3 months	**15,381**	9,252
Due after 3 month but within 6months	**5,475**	3,523
Due after 6 months	**2,447**	272
Total trade creditors	**37,646**	23,396
Other creditors and accrued charges	**33,943**	45,544
Amount due to a substantial shareholder	**1,729**	1,729
Amount due to directors	**490**	23
	73,808	70,692

10. Reserves

	Share premium account HK$'000	Foreign currency translation reserves HK$'000	Warrant reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2007	1,392,241	(2,623)	24,226	(1,554,801)	(140,957)
Exchange differences on translating foreign operations	–	(402)	–	–	(402)
Loss for the period	–	–	–	(3,681)	(3,681)
Total recognized income and expenses for the period	–	(402)	–	(3,681)	(4,083)
Issue of shares on subscription	100,800	–	–	–	100,800
At 30 June 2007	1,493,041	(3,025)	24,226	(1,558,482)	(44,240)
At 1 January 2008	1,493,075	(4,997)	24,226	(1,560,300)	(47,996)
Exchange differences on translating foreign operations	–	1,207	–	–	1,207
Loss for the period	–	–	–	(10,178)	(10,178)
Total recognized income and expenses for the period	–	1,207	–	(10,178)	(8,971)
Issue of shares on subscription	–	–	–	–	–
At 30 June 2008	1,493,075	(3,790)	24,226	(1,570,478)	(56,967)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The turnover of the Group for the six months ended 30 June 2008 was approximately HK$72 million (six months ended 30 June 2007: approximately HK$79 million) and represented a decrease of 9% as compared to the corresponding period last year mainly due to severe competition for promotional orders from the Europe market. Sales to the Europe market decreased by HK$10 million or 31% as compared to the corresponding period last year.

The gross margin decreased to 15% (six months ended 30 June 2007: 22%) due to escalating raw material prices and labour costs. The decreased in the gross margin was aggravated by the continuous appreciation of Renminbi. As a result, gross profit decreased by 40% or by HK$7 million to HK$10 million (six months ended 30 June 2007: HK$17 million) as compared to the corresponding period last year.

Net loss of the group increased approximately by HK$7 million to HK$10 million (six months ended 30 June 2007: HK$3.7 million) mainly due to the decrease in the gross profit, while other operating costs and finance costs maintained at about the same level as in the corresponding period last year.

Outlook

The recent financial turmoil and the sub-prime mortgage crisis will inevitably devastate the consumer products market in the United State in the second half of the year and the condition will continue to be difficult in the coming year, or even years. We believe the global consumer products market will also be undermined due to the volatile markets conditions in the United State. In order to maintain our competitiveness under such market condition, we will continue our strategy to enhance our products value by research and development and advancing our production process through automation. On the other hand, we believe the slowdown in the global market will ease the pressure of Renminbi appreciation although the effect may not be prominent. In term of marketing, we will commit to forge stronger relationship with new and existing customers to re-position ourselves both in the emerging and traditional markets.

On 27 August 2008, the Company was notified by Early State Enterprises Limited, a company incorporated in British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Hu Xiao (the “Offeror”) that it had entered into the sales and purchase agreement (“S&P Agreement”) with Mr. Leung Chung Shan (“Mr. Leung”) on the same date to acquire from Mr. Leung the Sale Shares, representing an aggregate of approximately 35.33% (938,974,000 shares) of the issued share capital of the Company for an aggregate consideration of HK$65,728,180 or HK$0.07 each share. Completion of the S&P Agreement took place on 29 August 2008.

Under Rule 26.1 and Rule 13 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"), the Offeror is obliged to make the Offers, being the Share Offer to acquire all issued Shares (other than those already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and parties acting in concert with any of them) and the Option Offer to cancel all outstanding Option(s). The Offers will be made solely in cash.

The principal terms of the Offers are set out under the section headed "THE OFFERS" of Offeror and the Company's joint announcement dated 4 September 2008 (the "Joint Announcement").

In the Joint Announcement, the Offeror has indicated that the Group will continue with all of its existing businesses and it does not intend to make any material changes to the businesses of the Group or to redeploy any fixed assets of the Group following the closing of the Offers. And the Offeror will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. In the event that any of such opportunities materialises, further announcements will be made as and when required by the Listing Rules. As at the date of this announcement, the Offeror has no intention or concrete plan for any acquisition of assets and/or business by the Group.

Liquidity and Financial Resources

At 30 June 2008, the Group had net current assets HK$55 million (31 December 2007: HK$65 million) and represents a decrease of 15% as compared to 31 December 2007. Total cash on hand was HK$97 million (31 December 2007: HK$106 million) which included a pledged fixed deposit of HK$1.5 million (31 December 2007: HK$1.5 million) and Renminbi deposits amounted to HK$2.5 million (31 December 2007: HK$1.6 million).

At 30 June 2008, the Group's total borrowings amounted to HK$13 million (31 December 2007: HK$15 million) of which HK$10 million will be due within one year. Borrowings from bank are secured over the Group's leasehold land and buildings held for own use situated outside Hong Kong with a carrying amount of approximately HK$16 million (31 December 2007: HK$16 million), a fixed deposit approximately HK$1.5 million (31 December 2007: HK$1.5 million), the Company's guarantee and certain trade receivables of a subsidiary.

At 30 June 2008, the Group had a current ratio of 1.6 (31 December 2007: 1.8) and the gearing ratio was 8% (31 December 2007: 9%). The calculation of gearing ratio was based on the Group's total borrowings of HK$13 million over total assets value of HK$168 million.

Exposure to Fluctuations in Exchange Rates, Interest Rates and Related Hedges

The Group's borrowings and cash and cash equivalents were primarily denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB") and US dollars ("USD"). The Group does not hedged against foreign exchange risk associated with the USD, as the management believes that the HKD will remain pegged to the USD in the foreseeable future. The management will monitor closely to ensure measures are taken against any adverse impact on the exchange risk associated with the appreciating RMB.

The interest rates profile of the Group's borrowings comprises a mixture of fixed and floating rates. The Group does not hedged against interest rates risk, as the managements do not foresee the impact of any fluctuation in interest rates to be material to the Group.

Employees and Remuneration Policies

At 30 June 2008, the Group employed approximately 27 staffs (31 December 2007: 28) in Hong Kong and approximately 1,548 employees (31 December 2007: 1160) in Mainland China. Employees' remuneration are given and reviewed regularly based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group's overall performance and employees' individual merit.

The Company had granted share options to certain employees of the Group on 10 July 2000, entitling them to subscribe for shares of the Company. However, with effect from 1 September 2001, the Company no longer can grant any options under the existing scheme unless the Company changes the terms of the scheme to comply with the requirements of Chapter 17 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code for dealing in securities of the Company by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2008.

CORPORATE GOVERNANCE

The Company has complied with all requirements set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except for Code Provision A.4.1, which stipulates that non-executive directors should be appointed for a specific term, subject to re-election. There is no service contract between the Company and Mr. Lam Bing Kwan ("Mr. Lam") whom is not appointed for a specific term but is subject to retirement by rotation at the annual general meeting in accordance with the Bye-laws of the Company. His appointment will be reviewed when they are due for re-election and the Company is of the view that this meets the same objectives of the said code provision.

AUDIT COMMITTEE

In compliance with the Code, an Audit Committee was established on 28 December 1999 with written terms of reference. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yeung King Wah ("Mr. Yeung")(Chairman of the Audit Committee), Mr. Lam and Mr. Lau Kam Ying ("Mr. Lau"). Mr. Yeung, has the professional qualifications as required under the Listing Rules.

The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 June 2008.

REMUNERATION COMMITTEE

In compliance with the Code, the Company has established its remuneration committee ("Remuneration Committee") on 1 August 2005.

The Remuneration Committee comprises three Independent Non-executive Directors, namely Mr. Lam (Chairman of the Remuneration Committee), Mr. Yeung and Mr. Lau and an Executive Director, Mr. Tam Lup Wai Franky ("Mr. Tam"). The Remuneration Committee has adopted terms of reference, which are in line with the Code on Corporate Governance Practices.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement of the Group for the six months ended 30 June 2008 is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://finance.thestandard.com.hk/en/0943eforce/index.asp) respectively. The 2008 interim report of the Company will be dispatched to the shareholders and made available on the above websites on or before 30 September 2008.

By order of the Board
Leung Chung Shan
Chairman and Executive Director

Hong Kong, 29 September 2008

As at the date of this announcement, the Board comprises Messrs. Leung Chung Shan and Tam Lup Wai Franky as Executive Directors and Messrs. Lam Bing Kwan, Yeung King Wah and Lau Kam Ying as Independent Non-Executive Directors.