意科控股

eFORCE HOLDINGS LIMITED

意 科 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock code: 943)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors ("Directors") of eForce Holdings Limited (the "Company") herein announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Turnover	3	**141,627**	112,132
Cost of sales		**(116,451)**	(92,838)
Gross profit		**25,176**	19,294
Other income	4	**2,746**	13,483
Distribution costs		**(3,110)**	(2,873)
Administrative expenses		**(51,549)**	(39,405)
Loss from operations		**(26,737)**	(9,501)
Finance costs	6	**(1,616)**	(1,056)
Loss before tax		**(28,353)**	(10,557)
Income tax credit/(expense)	7	**21**	(3)
Loss for the year	8	**(28,332)**	(10,560)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**1,128**	17
Gains on property revaluation		**2,546**	6,082
Other comprehensive income for the year, net of tax		**3,674**	6,099
Total comprehensive income for the year		**(24,658)**	(4,461)
		HK cents	HK cents
Loss per share			
Basic	9	**(0.84)**	(0.38)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**44,763**	38,825
Investments in associates		**–**	–
Investment in a jointly controlled entity		**(40)**	(40)
Other non-current assets		**–**	–
		44,723	38,785
Current assets			
Inventories		**18,106**	12,171
Trade and other receivables	10	**46,225**	18,777
Pledged bank deposits		**1,500**	1,500
Bank and cash balances		**114,439**	105,892
		180,270	138,340
Current liabilities			
Trade and other payables	11	**(65,775)**	(54,317)
Borrowings		**(22,837)**	(11,746)
Unsecured other loans		**(6,500)**	(6,500)
Current tax liabilities		**(4,434)**	(4,448)
		(99,546)	(77,011)
Net current assets		**80,724**	61,329
Total assets less current liabilities		**125,447**	100,114
Non-current liabilities			
Deferred tax liabilities		**(2,876)**	–
NET ASSETS		**122,571**	100,114
Capital and reserves			
Share capital		**174,746**	158,896
Reserves		**(52,175)**	(58,782)
TOTAL EQUITY		**122,571**	100,114

Notes:

1. BASIS OF PREPARATION

The preliminary announcement of the Group's results for the year ended 31 December 2010 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The financial information in this announcement has been prepared under the historical cost convention, as modified by the revaluation of land and buildings which are carried at their fair values.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditor, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2010. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Nelson Wheeler on the preliminary announcement.

2. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. TURNOVER

The Group's turnover represents the aggregate of sales value of goods supplied to customers less goods returned, trade discounts and sales tax. The amount of revenue recognised in turnover during the year represents manufacture and sale of healthcare and household products.

4. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Income from moulds sales, net	**1,049**	220
Income from scrap sales	**690**	1,060
Interest income	**132**	260
Net gain on disposals of property, plant and equipment	**200**	25
Rental income	**2**	20
Revaluation surplus on land and buildings	**–**	11,326
Others	**673**	572
	2,746	13,483

5. SEGMENT INFORMATION

The Group is wholly engaged in the manufacture and sales of healthcare and household products. Accordingly, there is only one single reportable segment of the Group.

Geographical information

The Group's business is managed on a worldwide basis, but participates in four principal economic environments.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue		**Non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North America	**37,324**	38,178	**–**	–
Europe	**63,662**	35,203	**–**	–
The People's Republic of China (the "PRC")	**14,037**	22,584	**42,925**	37,607
Hong Kong and others	**26,604**	16,167	**1,798**	1,178
Consolidated total	**141,627**	112,132	**44,723**	38,785

In presenting the geographical information, revenue is based on the locations of the customers.

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank loans	**1,022**	757
Interest on other loans wholly repayable within five years	**594**	299
	1,616	1,056

7. INCOME TAX CREDIT/(EXPENSE)

a) Taxation included in consolidated statement of comprehensive income represents:

	2010	2009
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**(85)**	(3)
Over-provision in prior years	**106**	–
	21	(3)

No provision for Hong Kong Profits Tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Pursuant to relevant laws and regulations in the PRC, the subsidiaries in the PRC are exempted from PRC enterprise income tax for the two years from its first profit-making year and thereafter are entitled to a 50% relief from PRC enterprise income tax for the following three years. One of the subsidiaries in the PRC was in its third profit-making year for the financial year ended 31 December 2010 and was therefore entitled to a 50% relief from PRC enterprise income tax for the financial year ended 31 December 2010. However, no provision was made for the financial year ended 31 December 2010 as the subsidiary incurred tax loss in the year. The tax rate applicable to the subsidiary in the PRC, after the 50% relief, was 12.5%.

b) The reconciliation between the income tax credit/(expense) and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss before tax	**28,353**	10,557
Tax at the domestic income tax rate of 16.5% (2009: 16.5%)	**4,678**	1,742
Tax effect of income that is not taxable	**42**	1,907
Tax effect of expenses that are not deductible	**(4,815)**	(2,537)
Tax effect of temporary differences not recognised	**88**	(22)
Tax effect of tax losses not recognised	**(241)**	(1,003)
Over-provision in prior years	**106**	–
Effect of different tax rates of subsidiaries	**163**	(90)
Income tax credit/(expense)	**21**	(3)

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2010	2009
	HK$'000	*HK$'000*
Depreciation	**6,422**	4,579
Operating lease charges in respect of land and buildings	**5,665**	4,556
Research and development costs *	**2,288**	2,609
Auditor's remuneration		
Current	**620**	590
Under-provision in prior years	**–**	40
	620	630
Cost of inventories sold #	**116,451**	92,838
Written off of property, plant and equipment	**20**	4
Staff costs including directors' remuneration		
Salaries, bonus and allowances	**46,871**	36,304
Retirement benefit scheme contributions	**301**	301
	47,172	36,605

* Research and development costs include staff costs of approximately HK$2,050,000 (2009: HK$1,996,000) which are included in the amount disclosed separately above.

\# Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$26,969,000 (2009: HK$20,369,000), which are included in the amounts disclosed separately above.

9. LOSS PER SHARE

a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$28,332,000 (2009: HK$10,560,000) and the weighted average number of ordinary shares of 3,391,576,104 (2009: 2,747,680,214) in issue during the year.

b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 December 2010.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors and bills receivables with the following ageing analysis:

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**12,659**	7,376
31 to 90 days	**14,638**	6,044
91 to 180 days	**1,709**	204
181 to 365 days	**28**	1
Over 365 days	**209**	199
	29,243	13,824

Trade debts are normally due within from 30 to 60 days from the date of billing.

As at 31 December 2010, trade debtors and bills receivables of HK$9,670,000 (2009: HK$2,170,000) are assigned to a bank to secure banking facilities.

11. TRADE AND OTHER PAYABLES

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

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**12,354**	9,487
31 to 90 days	**13,457**	9,285
91 to 180 days	**2,083**	1,915
Over 180 days	**1,831**	2,151
	29,725	22,838

12. EVENTS AFTER THE REPORTING PERIOD

a) On 11 February 2011, a wholly-owned subsidiary of the Company (the "Purchaser") had entered into an agreement pursuant to which the Purchaser had conditionally agreed to acquire the entire issued share capital of a company (the "Target Company") and certain loans due from the Target Company and its subsidiary (the "Proposed Acquisition"). The Target Company, through its subsidiary, has an indirect interest in licenses in respect of a coal mine in Central Kalimantan, Indonesia. The consideration payable for the Proposed Acquisition is HK$500,000,000 and shall be satisfied by the Company issuing two series of convertible bonds with face value of HK$200,000,000 and HK$300,000,000 respectively. On 25 February 2011, the Purchaser entered into a supplemental agreement in respect of the Proposed Acquisition. The details of the Proposed Acquisition were set out in the announcements of the Company dated 11 February 2011 and 25 February 2011. Up to the date of this announcement, the Proposed Acquisition has not been completed and the conditions precedent of which have not been satisfied.

b) The Company had completed a top-up placing in February 2011 (the "Placing 2011") and issued a total of 317,000,000 ordinary shares of HK$0.05 each at the placing prices of HK$0.106 per share. The net proceeds raised from the Placing 2011 was approximately HK$32.4 million and the Company intended to apply the same for financing the development of the coal mine in Indonesia after the completion of the Proposed Acquisition and/or general working capital of the Group. Up to the date of this announcement, the net proceeds is not yet used and is being held as bank deposit. Further details of the Placing 2011 were set out in the announcements of the Company dated 14 February 2011 and 21 February 2011.

FINAL DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 December 2010 (2009: HK$Nil)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover of the Group for the year ended 31 December 2010 amounted to HK$141.6 million, which represented an increase of 26% as compared to last year (2009: HK$112.1 million). Signs of recovery in the global consumer are still mixed. Sales to North America decreased slightly to HK$37.3 million (2009: HK$38.2 million) or by HK$0.9 million. Sales to Europe increased to HK$63.7 million (2009: HK$35.2 million) or by HK$28.5 million. Sales to the PRC decreased to HK$14.0 million (2009: HK$22.6 million) or by HK$8.6 million. Sales to Hong Kong and other locations increased to HK$26.6 million (2009: HK$16.2 million) or by HK$10.4 million.

Gross profit margin was slightly improved to 17.8% from 17.2% in 2009. The increase was the effect of the implementation of cost reduction measures. The increase of turnover and the slightly rise in gross profit margin has increased the gross profit to HK$25.2 million from HK$19.3 million in 2009.

The consolidated loss of the Group for the year ended 31 December 2010 amounted to HK$28.3 million. This represented an increase of approximately HK$17.7 million or 167% as compared to the loss of HK$10.6 million in 2009. The increase in loss was mainly the net effect of the increase of gross profit by HK$5.9 million (2010: HK$25.2 million and 2009: HK$19.3 million), the increase of net income from moulds sales by HK$0.8 million (2010: HK$1.0 million and 2009: HK$0.2 million), the increase of administrative expenses by HK$12.1 million (2010: HK$51.5 million and 2009: HK$39.4 million) and the recognition of a revaluation surplus on land and buildings of HK$11.3 million in 2009. The increase in administrative expenses was mainly due to the increase of rental costs, depreciation, staff costs and costs associated with the possible acquisition of a coal mine in Indonesia.

Business Outlook

While there is general belief that the worst is over for the 2008 financial crisis, the global economic fundamentals are still weak as major markets are still faced with high unemployment and worsening government deficit. Given that there is uncertainty in economy recovery, the Board will ensure prudent capital management and prepare for potential market headwinds. In particularly, we will focus on the escalating raw materials and labor cost in the PRC and appropriate measures will be implemented accordingly.

As the Group continued engaged in the manufacture and sales of healthcare and household products, the Board considers that the financial performance of the Group has not been strong. For the past few years, the Directors have been exploring ways to improve the financial performance of the Group including the diversification of the Group's operations to new and more profitable business. In view of the potential prospects of the coal industry particularly in the Asia Pacific market, the Board intends to expand the business of the Group to the coal mining industry. As set out in the announcements of the Company dated 11 February 2011 and 25 February 2011 and above under the section headed "Events after the Reporting Period", a wholly-owned subsidiary of the Company had entered into an agreement in respect to the Proposed Acquisition. Although the Proposed Acquisition has not been completed and the conditions precedent of which have not been satisfied up to the date of this announcement, the Board is endeavoring to diversify the Group's operations to new and more profitable business with the aim of broadening the income base of the Group and enhancing long-term shareholders value.

The Group's Liquidity and Financial Resources

At the balance sheet date, the Group had cash and bank deposits of HK$115.9 million (2009: HK$107.4 million) which included a pledged bank deposits of HK$1.5 million (2009: HK$1.5 million) and a foreign currency deposits denominated in Renminbi ("RMB") amounted to HK$0.47 million (2009: HK$2.08 million).

The Group's total borrowings increased to HK$29.3 million (2009: HK$18.2 million). The Group's gearing ratio, which is expressed as a percentage of the Group's total borrowings over total assets value of HK$225.0 million as at 31 December 2010 (2009: HK$177.1 million), has increased to 13.0% (2009: 10.3%).

The secured loans are secured over the Group's buildings held for own use situated outside Hong Kong with a carrying amount of approximately HK$29 million (2009: HK$25 million), a fixed deposits of HK$1.5 million (2009: HK$1.5 million), the Company's guarantee and certain trade receivables of a subsidiary.

Despite that the Group sustained recurrent losses; the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

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

To manage the risk associated with an uncertain market environment, the Group pursues a funding strategy, using equity as far as possible to finance long-term investments.

The Group's borrowings and cash and cash equivalents are primarily denominated in HKD, RMB and USD. The Group does not hedged against foreign exchange risk associated with the USD, as the management believe 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 impacts 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 rate risk, as the management does not expect the impact of any fluctuation in interest rates to be material to the Group.

Fund Raising Activities

The Company carried out the following fund raising activities during the year under review:

a) The Company had completed a top-up placing in April 2010 (the "Placing 2010") and issued a total of 317,000,000 ordinary shares of HK$0.05 each at the placing prices of HK$0.153 per share. The net proceeds raised from Placing 2010 was approximately HK$47 million and the Company intended to apply the same for financing the possible acquisition of a coal mine in Indonesia and/or general working capital of the Group. Up to the date of this announcement, the net proceeds from Placing 2010 is not yet used and is being held as bank deposit. Further details of the Placing 2010 were set out in the announcements of the Company dated 20 April 2010 and 30 April 2010.

b) As detailed above under the section headed "Events after the Reporting Period", the Company had completed another top-up placing in February 2011.

Material Acquisitions and Disposal of Subsidiaries

The Group had neither any material acquisition nor disposal in 2010.

Material Contingent Liabilities

The Group is not aware of any material contingent liabilities as at 31 December 2010.

Employees and Remuneration Policy

At the balance sheet date, the Group employed 26 staffs (2009: 26) in Hong Kong and 937 employees (2009: 1,035) in Mainland China. Employee remuneration are given and reviewed based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group's business results and employees' individual merit.

The option scheme adopted by the Company on 2 June 1997 ("Old Option Scheme") was expired on 1 June 2007. All 30,140,000 outstanding options granted under the Old Option Scheme to certain employees and past employees of the Group were lapsed on 9 July 2010. No share options were granted or exercised during the year under the Old Option Scheme.

To replace the Old Option Scheme, the Company adopted a new option scheme which was approved in a shareholders' special general meeting on 3 March 2010 (the "Share Option Scheme 2010"). Under the Share Option Scheme 2010, the Company may offer to any persons who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Details of the Share Option Scheme 2010 were set out in the Company's circular on 11 February 2010. No share options were granted or exercised during the year under the Share Option Scheme 2010.

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 year.

CORPORATE GOVERNANCE

Except as disclosed in the "Corporate Governance Report" of the annual report 2010, the Company complied with all requirements set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management its internal controls and financial reporting matters. The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2010.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The results announcement of the Group for the year ended 31 December 2010 is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://www.todayir.com/listco/hk/eforce) respectively. The 2010 annual report of the Group will be dispatched to the shareholders and made available on the above websites in due course.

By Order of the Board
Hu Xiao
Chairman and Executive Director

Hong Kong, 28 March 2011

At the date of this announcement, the Board comprises Mr. Hu Xiao, Mr. Liu Liyang and Mr. Tam Lup Wai, Franky being Executive Directors and Mr. Lam Bing Kwan, Mr. Yeung King Wah and Mr. Wong Man Chung, Francis being Independent Non-Executive Directors.

* *for identification purposes only*