eFORCE HOLDINGS LIMITED

意科控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 943)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of eForce Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with the unaudited comparative figures for the corresponding period 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Note	Six months ended 30 June **2011** *HK$'000* **(unaudited)**	2010 *HK$'000* (unaudited)
Turnover		**57,178**	57,113
Cost of sales		**(50,623)**	(46,897)
Gross profit		**6,555**	10,216
Other income		**1,027**	837
Distribution costs		**(1,310)**	(1,381)
Administrative expenses		**(25,731)**	(27,122)
Loss from operations		**(19,459)**	(17,450)
Finance costs		**(885)**	(861)
Loss before tax		**(20,344)**	(18,311)
Income tax expense	4	**(109)**	–
Loss for the period attributable to owners of the Company	5	**(20,453)**	(18,311)
		HK cents	*HK cents*
Loss per share	7		
Basic		**(0.55)**	(0.56)
Diluted		**N/A**	N/A

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME STATEMENT
For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	**(20,453)**	(18,311)
Other comprehensive income:		
Exchange differences on translating foreign operations	**(583)**	513
Other comprehensive income for the period, net of tax	**(583)**	513
Total comprehensive income for the period attributable to owners of the Company	**(21,036)**	(17,798)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Note	**30 June 2011** *HK$'000* **(unaudited)**	31 December 2010 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**45,117**	44,763
Investment in a jointly controlled entity		**(40)**	(40)
		45,077	44,723
Current assets			
Inventories		**23,736**	18,106
Trade receivables	8	**22,865**	29,243
Prepayments, deposits and other receivables		**20,770**	16,982
Pledged bank deposits		**1,500**	1,500
Bank and cash balances		**158,087**	114,439
		226,958	180,270
Current liabilities			
Trade payables	9	**(31,198)**	(29,725)
Accruals and other payables		**(38,279)**	(36,050)
Borrowings		**(18,125)**	(22,837)
Unsecured other loans		**(6,500)**	(6,500)
Current tax liabilities		**(4,434)**	(4,434)
		(98,536)	(99,546)
Net current assets		**128,422**	80,724
Total assets less current liabilities		**173,499**	125,447
Non-current liabilities			
Deferred tax liabilities		**(2,876)**	(2,876)
NET ASSETS		**170,623**	122,571
Capital and reserves			
Share capital	10	**228,596**	174,746
Reserves	11	**(57,973)**	(52,175)
TOTAL EQUITY		**170,623**	122,571

Notes:

1. **BASIS OF PREPARATION**

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These condensed financial statements should be read in conjunction with the 2010 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2010.

These condensed financial statements were unaudited but have been reviewed by the Company's Audit Committee.

2. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2011. 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 period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. **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. The accounting policies of the operating segments are consistent with those used in the annual financial statements for the year ended 31 December 2010.

The following is the turnover of the Group by geographical location of customers:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Turnover		
North America	**5,064**	13,800
Europe	**31,855**	27,706
The People's Republic of China (the "PRC")	**14,121**	6,699
Hong Kong and others	**6,138**	8,908
	57,178	57,113

The following is the non-current assets of the Group based on the geographical location of the assets:

	30 June	31 December
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Non-current assets		
The PRC	**43,707**	42,925
Hong Kong and others	**1,370**	1,798
	45,077	44,723

4. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2010: HK$Nil).

Tax charge on profits assessable elsewhere has 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. No provision was made for the subsidiaries in the PRC as these subsidiaries incurred tax losses during the period. The amount provided for the six months ended 30 June 2011 represented the under-provision of tax in previous year.

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

5. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income	**(129)**	(71)
Depreciation	**3,990**	2,450
Directors' remuneration	**2,280**	826
Gain on disposal of property, plant and equipment	**(288)**	(44)

6. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2011 (2010: HK$Nil).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the following:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Loss for the period attributable to equity owners of the Company	**(20,453)**	(18,311)
Number of shares		
Weighted average number of ordinary shares in issue during the period	**3,735,203,032**	3,286,512,424

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.

8. TRADE RECEIVABLES

The ageing analysis of trade and bills receivables as at the end of each reporting period, based on the invoice date, and net of allowances, is as follows:

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**13,198**	12,659
31 – 90 days	**8,802**	14,638
91 – 180 days	**–**	1,709
181 – 365 days	**652**	28
Over 365 days	**213**	209
	22,865	29,243

9. TRADE PAYABLES

The ageing analysis of trade and bills payables as at the end of each reporting period, based on the date of receipt of goods purchased is as follows:

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**10,994**	12,354
31 – 90 days	**11,591**	13,457
91 – 180 days	**5,070**	2,083
Over 180 days	**3,543**	1,831
	31,198	29,725

10. SHARE CAPITAL

	30 June 2011 *HK$'000* **(unaudited)**	31 December 2010 *HK$'000* (audited)
Authorized:		
6,000,000,000 ordinary shares of HK$0.05 each	**300,000**	300,000
Issued and fully paid:		
4,571,926,789 (At 31 December 2010: 3,494,926,789) ordinary shares of HK$0.05 each	**228,596**	174,746

The movements in the issued capital of the Company during the six months ended 30 June 2011 were as follows:

	No. of shares issued	Amount *HK$'000* (unaudited)
At 1 January 2011	3,494,926,789	174,746
Shares issued *(Note 1)*	317,000,000	15,850
Shares Issued *(Note 2)*	760,000,000	38,000
At 30 June 2011	4,571,926,789	228,596

Note 1: In February 2011, the Company completed a top-up placing 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.

Note 2: In June 2011, the Company completed a placing and issued a total of 760,000,000 shares of HK$0.05 each at the placing prices of HK$0.05 per share.

11. RESERVES

	30 June 2011 *HK$'000* **(unaudited)**	31 December 2010 *HK$'000* (audited)
Share premium account	**1,556,959**	1,541,721
Foreign currency translation reserve	**(4,666)**	(4,083)
Warrant reserve	**24,226**	24,226
Property revaluation reserve	**8,628**	8,628
Accumulated losses	**(1,643,120)**	(1,622,667)
	(57,973)	(52,175)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The turnover of the Group for the six months ended 30 June 2011 was HK$57 million (six months ended 30 June 2010: HK$57 million) and has no significant difference as compared to the correseponding period last year. However, demand for consumer products in different geographical markets were actually mixed. Sales to Europe increased by HK$4 million (or 15% compared to the corresponding period last year) to HK$32 million (six months ended 30 June 2010: HK$28 million) mainly due to increase in promotional orders. Sales to North America decreased by HK$9 million (or 64% compared to the corresponding period last year) to HK$5 million (six months ended 30 June 2010: HK$14 million) mainly due to weak demand. Sales to customers in PRC increased by HK$7 million (or 100% compared to the corresponding period last year) to HK$14 million (six months ended 30 June 2010: HK$7 million) mainly due to increase orders from a well-known consumer product brand.

Gross profit margin decreased to 11% (six months ended 30 June 2010: 18%) and gross profit decreased by HK$3.6 million to HK$6.6 million (six months ended 30 June 2010: HK$10.2 million) mainly due to the increase in labor cost and raw material cost. The monthly minimum wages in Guangdong Province PRC was raised from RMB920 to RMB 1,100 (increased by 20%) in March 2011. This was the second increase in two years. For the last few years, high labor cost and shortage of labor was always one of the biggest concerns for the manufacturing sector in Guangdong Province PRC.

Net loss of the Group for the six months ended 30 June 2011 increased by HK$2 million (or 11% compared to the corresponding period last year) to HK$20 million (six months ended 30 June 2010: HK$18 million). The increase in net loss was due to the decrease in gross profit mentioned above partly offset by the HK$1.4 million decrease in administrative expenses.

The Company had completed two shares placement during the six months ended 30 June 2011 with details as follows:

In February 2011, the Company completed a top-up placing 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 Company had intended to apply the net proceeds of HK$32.4 million for financing the development of the coal mine after the completion of the Very Substantial Acquisition (as defined below) and/or for general working capital.

In June 2011, the Company completed a placing and issued a total of 760,000,000 shares of HK$0.05 each at the placing prices of HK$0.05 per share. The Company had intended to apply the net proceeds of HK$36.64 million for financing the development of the coal mine after the completion of the Very Substantial Acquisition and/or for general working capital.

The Company had completed a very substantial acquisition (“Very Substantial Acquisition”).of Fastport Investments Holdings Limited ("Fastport") that indirectly holds a mining concession right over the PT Bara coal mine, located near the town of Ampah in Indonesia. The consideration of HK$500 million was satisfied by the Company issuing two series of convertible bonds in favor of the vendor. The PT Bara coal mine covers an area of approximately 4,093 hectares. The total estimated coal resources of the project is 26.3 million tonnes. The Very Substantial Acquisition was approved by the shareholders of the Company in a special general meeting held on 5 July 2011 and was completed on 13 July 2011. For further details, please refer to the Company’s circular and announcements dated 16 June 2011, 5 July 2011 and 14 July 2011 respectively.

Outlook

As referred to in the annual report of the Company for the year ended 31 December 2010, the Group continued engaging in the manufacture and sales of healthcare and household products. 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 Group will ensure prudent capital management and prepare for potential market headwinds. In particular, the Management will focus on the increasing labor and raw materials cost in the PRC and appropriate measures will be implemented accordingly.

For the past few years, the Company has 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 Company had expanded the business of the Group to the coal mining industry. The completion of the Very Substantial Acquisition in July 2011 will provide the opportunity for the Group to diversify its existing business, with the aim of broadening the income base of the Group and enhancing long-term shareholders value.

Liquidity and Financial Resources

At 30 June 2011 the Group had net current assets HK$128.4 million (31 December 2010: HK$80.7 million) representing an increase of 59% as compared to 31 December 2010. Total cash and bank deposits was HK$159.6 million (31 December 2010: HK$115.9 million) which included a pledged fixed deposit of HK$1.5 million (31 December 2010: HK$1.5 million) and foreign currency deposits denominated in RMB amounted to HK$0.75 million (31 December 2010: HK$0.47 million).

At 30 June 2011 the Group’s total borrowings amounted to HK$24.6 million (31 December2010: HK$29.3 million) of which all 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, a fixed deposit of HK$1.5 million (31 December 2010: HK$1.5million), the Company’s guarantee and certain trade receivables of a subsidiary. The Group's gearing ratio, which is expressed as a percentage of the Group's total borrowings over total assets value of HK$272.0 million as at 30 June 2011 (31 December 2010: HK$225.0 million), has decreased to 9.0% (2010: 13.0%).

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

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars ("HKD"), United States dollars ("USD") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management will monitor the Group's foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise and appropriate instrument be available.

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 management does not foresee the impact of any fluctuation in interest rates to be material to the Group.

Employees and Remuneration Policies

At 30 June 2011 the Group employed approximately 24 staffs (at 31 December 2010: 26) in Hong Kong and 835 employees (at 31 December 2010: 937) in the PRC. 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.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed with management the unaudited interim financial statements for the six months ended 30 June 2011. The unaudited interim financial statements for the six months ended 30 June 2011 were approved and authorized for issue by the Board of Directors on 26 August 2011.

CHANGES IN BRIEF DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Changes in brief details of directors and senior management subsequent to the publication of the 2011 annual report were as follows:

Mr. Hu Xiao ("Mr. Hu") had resigned as an executive director of the Company and the chairman of the Board with effect from 21 July 2011 due to his other business commitments which require more of his dedications.

Mr. Tam Lup Wai, Franky ("Mr. Tam"), an executive director of the Company, was appointed as the chairman of the Board with effect from 21 July 2011.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: HK$Nil).

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 2011.

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 2011.

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 the following:

Provision A.4.1 stipulates that independent non-executive directors ("INEDs") should be appointed for a specific term and subject to re-election. During the period under reviewed, all INEDs of the Company were not appointed for a specific term but were subject to retirement by rotation at the annual general meeting in accordance with the Bye-laws of the Company.

Provision E.1.2 requires the chairman of the board should attend the annual general meeting. Mr. Hu, who was the Chairman of the Board at that time, did not attend the annual general meeting held on 20 May 2011 (the "Annual General Meeting") due to his other commitment. Mr. Liu Liyang, the Deputy Chairman of the Board, was available to answer questions at the Annual General Meeting instead.

AUDIT COMMITTEE

In compliance with the Code an Audit Committee was established on 28 December 1999 with written terms of reference. As at the date of this announcement, the Audit Committee comprises all INEDs: Mr. Yeung King Wah ("Mr. Yeung") (Chairman of the Audit Committee), Mr. Lam Bing Kwan ("Mr. Lam") and Mr. Wong Man Chung, Francis ("Mr. Wong"). Both Mr. Yeung and Mr. Wong have 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 with management the unaudited interim financial statements for the six months ended 30 June 2011.

REMUNERATION COMMITTEE

In compliance with the Code the Company has established a Remuneration Committee on 1 August 2005. As at the date of this announcement, the Remuneration Committee comprises all INEDs and all Executive Directors. 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 2011 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 2011 interim report of the Company will be dispatched to the shareholders and made available on the above websites in early September 2011.

By order of the Board
eForce Holdings Limited
Liu Liyang
Deputy Chairman and Chief Executive Officer

Hong Kong, 26 August 2011

As at the date of this announcement, the Board comprises Messrs. Tam Lup Wai, Franky and Liu Liyang as Executive Directors and Messrs. Lam Bing Kwan, Yeung King Wah and Wong Man Chung, Francis as Independent Non-executive Directors.