意科控股

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 2012

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 2012 together with the unaudited comparative figures for the corresponding period 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
	Note	**2012** ***HK$'000*** **(unaudited)**	2011 *HK$'000* (unaudited)
Turnover		**72,772**	57,178
Cost of sales		**(58,030)**	(50,623)
Gross profit		**14,742**	6,555
Other income		**1,680**	1,027
Distribution costs		**(1,564)**	(1,310)
Administrative expenses		**(30,071)**	(25,731)
Loss from operations		**(15,213)**	(19,459)
Finance costs		**(13,806)**	(885)
Loss before tax		**(29,019)**	(20,344)
Income tax expense	4	**(148)**	(109)
Loss for the period attributable to owners of the Company	5	**(29,167)**	(20,453)

	Note	Six months ended 30 June 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**(260)**	(583)
Other comprehensive income for the period, net of tax		**(260)**	(583)
Total comprehensive income for the period attributable to owners of the Company		**(29,427)**	(21,036)
		HK$	*HK$*
Loss per share	7		(restated)
Basic		**(0.16)**	(0.14)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Note	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
Non-current assets			
Exploration and evaluation assets		**462,190**	461,406
Property, plant and equipment		**52,299**	55,233
Investments in associates		**–**	–
Investment in a jointly controlled entity		**(40)**	(40)
Other non-current assets		**–**	–
		514,449	516,599
Current assets			
Inventories		**14,644**	19,829
Trade and other receivables	8	**28,586**	27,820
Call option assets of convertible bonds		**34,959**	37,765
Pledged bank deposits		**3,000**	3,000
Bank and cash balances		**72,251**	86,529
		153,440	174,943
Current liabilities			
Trade and other payables	9	**(58,973)**	(64,248)
Derivative component of convertible bonds		**(7,566)**	(11,081)
Liability component of convertible bonds		**(14,500)**	(7,000)
Borrowings		**(19,130)**	(17,407)
Unsecured other loans		**(6,500)**	(6,500)
Current tax liabilities		**(4,442)**	(4,442)
		(111,111)	(110,678)
Net current assets		**42,329**	64,265
Total assets less current liabilities		**556,778**	580,864

	Note	**30 June 2012** *HK$'000* **(unaudited)**	31 December 2011 *HK$'000* (audited)
Non-current liabilities			
Deferred tax liabilities		**(5,558)**	(5,558)
Liability component of convertible bonds		**(417,019)**	(411,678)
		(422,577)	(417,236)
NET ASSETS		**134,201**	163,628
Capital and reserves			
Share capital	10	**183**	183
Reserves	11	**134,018**	163,445
TOTAL EQUITY		**134,201**	163,628

Notes:

1. **BASIS OF PREPARATION**

These condensed consolidated financial statements for the six months ended 30 June 2012 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 consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011. Except as otherwise described below in note 2, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements and segment information are consistent with those used in the annual financial statements and segment information for the year ended 31 December 2011.

These condensed consolidated financial statements have not been audited.

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 2012. 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 engaged in the manufacture and sales of healthcare and household products and coal mining business. Accordingly, there are two reportable segments of the Group. For the period ended 30 June 2012, no contribution was made by coal mining business segment.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those used in the annual financial statements and segment information for the year ended 31 December 2011.

Information about reportable segment profit or loss, assets and liabilities:

	Coal mining business *HK$'000*	Health care and household product *HK$'000*	Total *HK$'000*
Period ended 30 June 2012			
Turnover	–	72,772	72,772
Segment loss	15,316	747	16,063
Interest income	–	6	6
Finance costs	12,842	809	13,651
Depreciation	16	3,385	3,401
Income tax expense	–	148	148
Additions to segment non-current assets	996	1,484	2,480
As at 30 June 2012			
Segment assets	497,428	95,737	593,165
Segment liabilities	510,855	76,636	587,491
Investments in associates	–	–	–
Investment in a jointly controlled entity	–	(40)	(40)

	Coal mining business *HK$'000*	Health care and household product *HK$'000*	Total *HK$'000*
Period ended 30 June 2011			
Turnover	–	57,178	57,178
Segment loss	–	20,453	20,453
Interest income	–	129	129
Finance costs	–	885	885
Depreciation	–	3,990	3,990
Income tax expense	–	109	109
Additions to segment non-current assets	–	4,397	4,397
As at 31 December 2011			
Segment assets	499,171	104,360	603,531
Segment liabilities	497,283	84,512	581,795
Investments in associates	–	–	–
Investment in a jointly controlled entity	–	(40)	(40)

Reconciliations of reportable segment, profit or loss, assets and liabilities:

	Six months ended 30 June 2012 ***HK$'000***	Six months ended 30 June 2011 *HK$'000*
Profit or loss		
Total loss of reportable segments	**16,063**	20,453
Other loss	**13,104**	–
Consolidated loss for the period	**29,167**	20,453

	As at 30 June 2012 HK$'000	As at 31 December 2011 HK$'000
Assets		
Total assets of reportable segments	**593,165**	603,531
Other assets	**75,142**	88,429
Elimination of intersegment assets	**(418)**	(418)
Consolidated total assets	**667,889**	691,542
Liabilities		
Total liabilities of reportable segments	**587,491**	581,795
Other liabilities	**34,924**	29,674
Elimination of intersegment liabilities	**(88,727)**	(83,555)
Consolidated total liabilities	**533,688**	527,914

Geographical information

The Group's business is managed on a worldwide basis, but participates in nine 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	
	Six months ended 30 June 2012 *HK$'000*	Six months ended 30 June 2011 *HK$'000*	**As at 30 June 2012** *HK$'000*	As at 31 December 2011 *HK$'000*
France	**5,519**	4,225	**–**	–
Germany	**14,337**	15,341	**–**	–
Indonesia	**–**	–	**462,386**	461,406
Italy	**5,073**	4,706	**–**	–
Japan	**3,636**	3,700	**–**	–
The People's Republic of China (the "PRC")	**11,953**	14,053	**50,046**	52,442
United Kingdom	**7,020**	1,915	**–**	–
United States of America	**12,070**	4,113	**–**	–
Hong Kong and others	**13,164**	9,125	**2,017**	2,751
Consolidated total	**72,772**	57,178	**514,449**	516,599

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

4. INCOME TAX EXPENSE

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.

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. The amount provided for the six months ended 30 June 2012 represented the under-provision of tax in previous year.

5. LOSS FOR THE PERIOD

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

	Six months ended 30 June 2012	Six months ended 30 June 2011
	HK$'000	*HK$'000*
Interest income	**(33)**	(129)
Depreciation	**4,095**	3,990
Directors' remuneration	**3,094**	2,280
Loss/(gain) on disposal of property, plant and equipment	**10**	(288)

6. DIVIDENDS

The directors have not declared nor proposed any interim dividends in respect of the period ended 30 June 2012 (Six months ended 30 June 2011: HK$Nil).

7. 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 period attributable to owners of the Company of approximately HK$29,167,000 (Six months ended 30 June 2011: approximately HK$20,453,000) and the weighted average number of ordinary shares of 182,877,071 (Six months ended 30 June 2011: 149,408,120(restated)) in issue during the period.

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 June 2011.

As the exercise of Group's outstanding convertible bonds for the period ended 30 June 2012 would be anti-dilutive, no diluted loss per share was presented for the period ended 30 June 2012.

8. TRADE AND OTHER RECEIVABLES

Trade debts are normally due within from 30 to 60 days from the date of billing. The ageing analysis of trade debtors and bills receivables, based on the invoice date, and net of allowance, is as follows:

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
0 to 30 days	**13,736**	7,972
31 to 90 days	**7,405**	12,446
91 to 180 days	**–**	1,603
181 to 365 days	**–**	230
Over 365 days	**440**	304
	21,581	22,555

9. TRADE AND OTHER PAYABLES

The ageing analysis of trade creditors and bills payables, based on the date of receipt of goods, is as follows:

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
0 to 30 days	**7,691**	9,968
31 to 90 days	**8,524**	10,053
91 to 180 days	**3,140**	2,978
Over 180 days	**2,029**	1,937
	21,384	24,936

10. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.001 each		
At 1 January 2011	6,000,000,000	300,000
Increased in authorised ordinary share	14,000,000,000	700,000
Subdivision	980,000,000,000	–
At 31 December 2011, 1 January 2012 and 30 June 2012	1,000,000,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK$0.001 each		
At 1 January 2011	3,494,926,789	174,746
Issue of share by subscription	317,000,000	15,850
Issue of shares on placement	760,000,000	38,000
Share consolidation	(4,389,049,718)	–
Capital reduction	–	(228,413)
At 31 December 2011, 1 January 2012 and 30 June 2012	182,877,071	183

11. RESERVES

	As at 30 June 2012 ***HK$'000*** **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
Share premium account	**1,556,959**	1,556,959
Contributed surplus	**228,413**	228,413
Foreign currency translation reserve	**(2,416)**	(2,156)
Warrant reserve	**24,226**	24,226
Property revaluation reserve	**16,320**	16,320
Convertible bonds equity reserves	**17,665**	17,665
Accumulated losses	**(1,707,149)**	(1,677,982)
	134,018	163,445

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover of the Group for the six months ended 30 June 2012 amounted to HK$73 million, which represented an increase of 28% as compared to HK$57 million in the corresponding period 2011.

The consolidated loss of the Group for the six months ended 30 June 2012 amounted to HK$29 million. This represented an increase of approximately HK$9 million or 45% as compared to the loss of HK$20 million in the corresponding period 2011.

Manufacturing business

Turnover of the manufacturing business achieved a 28% increase to HK$73 million for the six months ended 30 June 2012, compared to HK$57 million in the corresponding period 2011. Much of this growth was mainly due to the launching of new products which leads to higher sales volume and average selling price.

Sales were up 267% in United Kingdom and 193% in United States of America mainly due to the launching of new products in these countries. Sales in France and Hong Kong and others were up 31% and 44% respectively mainly due to new customers in these countries.

In addition to the increase in sales volume and average selling price, stable raw material cost and higher worker efficiency have further improved the gross margin to 20% as compared to 11% in the corresponding period 2011. As such gross profit was increased by HK$8 million to HK$15 million (six months ended 30 June 2011: HK$7 million).

Other costs were maintained at about the same level in the period under review as compared to the corresponding period 2011.

Coal mining business

During the six months ended 30 June 2012, the Company's coal mining project at Central Kalimantan Province in the Republic of Indonesia ("PT Bara Mine") was still in exploration and evaluation phases and no turnover was recorded.

Negotiation with the villager resides in the coal mine area regarding the land lease and compensation has been conducted through a local mining consultant and it is in good progress. Planning regarding mine development, production and logistics has also been started during the period under review.

Below is the highlight of the review of the coal resources estimate conducted by Roma Oil and Mining Associates Limited in February 2011 under the JORC Code:

	Coal Resource Estimate (in thousand tonnes) as at 31 December 2011
JORC Category	
Measured	8,705
Indicated	11,537
Inferred	6,097
Total	26,339

An update of the coal resources estimate will be conducted at the end of this year or the beginning of next year and details will be disclosed in the Company's next annual report.

During the period under review, approximately HK$0.8 million acquisition and exploration related expenditures were capitalized as costs of the mining rights.

As mentioned in the Company's annual report 2011, the Indonesian Government Regulation 24 ("GR 24") which provides that 51% of shares in an operating mining company must be owned by Indonesian shareholder(s) by the end of the 10th year from commencement of production and this to occur in stages from the 6th to the 10th year of commencement of production was came into effect on 21 February 2012. During the period under review and as at the date of this announcement, no further regulation has been released regarding it.

Others

Finance costs were increased from HK$1 million for the six months ended 30 June 2011 to HK$14 million in the corresponding period 2012 due to the effective interest charges on liability component of the Convertible Bonds 2011 of HK$13 million.

BUSINESS OUTLOOK

Manufacturing business

Despite the improvement in turnover in the first half of 2012, the management maintains a cautious outlook in the second half of 2012 amidst trend of economic recovery is still uncertain and continual pressure from customers to lower prices. Accordingly, continue effort will be put into improving worker efficiency and areas such as automation and production rationalization will be our main focus.

Coal mining business

According to the development plan as disclosed in the Company's circular dated 16 June 2011, the production of the mine will start in the first quarter of 2013 and therefore the coal mining business will not have any contribution to the Group's turnover and profit in 2012. Based on the current progress and without any unforeseen circumstances, the Company does not anticipate any major delay in the development of the mine.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 30 June 2012, the Group had cash and bank deposits of HK$75 million (31 December 2011: HK$90 million) which included a pledged bank deposits of HK$3 million (31 December 2011: HK$3 million) and a foreign currency deposits denominated in Renminbi ("RMB") amounted to HK$3 million (31 December 2011: HK$0.77 million) and Indonesia Rupiah ("IDR") amounted to HK$0.08 (31 December 2011: Nil).

Current ratio

The Group had net current assets of HK$42 million as at 30 June 2012 (31 December 2011: HK$64 million). The current ratio being current assets over current liabilities as at 30 June 2012 was 1.4 (31 December 2011: 1.6).

Debts and borrowings

As at 30 June 2012, the Group had total debts and borrowings of HK$457.1 million (31 December 2011: HK$442.6 million) including unsecured loan form financial institute and secured bank loan and factoring loan of HK$19.1 million (31 December 2011: HK$17.4 million), unsecured other loans of HK$6.5 million (31 December 2011: HK$6.5 million) and convertible bonds of HK$431.5 million (31 December 2011: HK$418.7 million).

Gearing ratio

The Group's gearing ratio, which is measured by net debts (being total of bank loan and convertible bonds less total cash) divided by equity attributable to equity holder of the Company as at 30 June 2012 has increased to 285% from 216% as at 31 December 2011.

EXPOSURE TO FLUCTUATION 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"), RMB and IDR. 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 POLICY

At 30 June 2012, the Group had 26 employees (31 December 2011: 26) in Hong Kong, 731 employees (31 December 2011: 646) in PRC and 12 employees (31 December 2011: 21) in Indonesia. Employees' 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.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed with management the unaudited interim financial statements for the six months ended 30 June 2012. The unaudited interim financial statements for the six months ended 30 June 2012 were approved and authorized for issue by the Board of Directors on 27 August 2012.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: 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 2012.

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 2012.

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 year 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 except for Mr. Lam Ming On who was appointed for initial term of one year commenced on 1 December 2011. As Directors' appointment will be reviewed when they are due for re-election thus the Company is of the view that this meets the same objectives of the said code provision.

AUDIT COMMITTEE

The Company's Audit Committee was established in December 1999. The Audit Committee comprises Mr. Lam Bing Kwan, Mr. Wong Man Chung, Francis and Mr. Lam Ming On being all the three INEDs and Mr. Wong Man Chung, Francis is the Chairman of the Audit Committee.

The Audit Committee has adopted terms of reference which are in line with the Code. The primary function of the Audit Committee is to review and monitor the Group's financial reporting process and internal controls. It is also responsible for making recommendation to the Board for the appointment, reappointment or removal of the external auditor.

The Audit Committee had reviewed with the management the unaudited interim financial statements for the six months ended 30 June 2012.

REMUNERATION COMMITTEE

The Company's Remuneration Committee was established in August 2005. It comprises all three INEDs Mr. Lam Bing Kwan, Mr. Wong Man Chung, Francis, Mr. Lam Ming On and two Executive Directors Mr. Tam Lup Wai, Franky and Mr. Liu Liyang. Mr. Lam Bing Kwan is the Chairman of the Remuneration Committee and the Remuneration Committee has adopted terms of reference which are in line with the Code.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement of the Group for the six months ended 30 June 2012 is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://hk.todayir.com/en/showcases.php?code=943) respectively. The 2012 interim report of the Company will be dispatched to the shareholders and made available on the above websites in early September 2012.

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

Hong Kong, 27 August 2012

As at the date of this announcement, the Board comprises Mr. Tam Lup Wai, Franky, Mr. Liu Liyang, Mr. Jiang Chunming, Madam Lu Mujuan, Mr. Luo Xiaohong, Mr. Siswo Awaliyanto and Mr. Wan Shouquan being Executive Directors and Mr. Lam Bing Kwan, Mr. Lam Ming On and Mr. Wong Man Chung, Francis being Independent non-Executive Directors.