



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 2015

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 2015 together with the unaudited comparative figures for the corresponding period 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	4	80,946	83,735
Cost of sales		(60,915)	(65,029)
Gross profit		20,031	18,706
Other income		986	10,877
Distribution costs		(1,942)	(1,566)
Administration expenses		(32,105)	(29,171)
Loss from operations		(13,030)	(1,154)
Finance costs		(485)	(10,135)
Fair value gain on derivative components of convertible bonds		—	44,789
Share of results of a joint venture		(19)	—

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
(Loss)/profit before tax		(13,534)	33,500
Income tax expense	5	(409)	(328)
(Loss)/profit for the period attributable to owners of the Company	6	(13,943)	33,172
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		(429)	(1,185)
Other comprehensive income for the period, net of tax		(429)	(1,185)
Total comprehensive income for the period attributable to owners of the Company		(14,372)	31,987
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/profit per share	8		
Basic		(1.8)	12
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		30 June 2015	31 December 2014
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current assets			
Exploration and evaluation assets		206,380	206,380
Property, plant and equipment		59,997	61,777
Investment in associates		—	—
Investment in a joint venture		349	368
		266,726	268,525
Current assets			
Inventories		26,785	29,548
Trade and other receivables	9	59,685	42,973
Bank and cash balances		80,489	31,266
		166,959	103,787
Current liabilities			
Trade and other payables	10	(87,974)	(82,441)
Bank loans		(380)	(14,814)
Finance lease payables		(144)	(141)
Current tax liabilities		(4,360)	(5,211)
		(92,858)	(102,607)
Net current assets		74,101	1,180
Total assets less current liabilities		340,827	269,705

		30 June 2015	31 December 2014
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current liabilities			
Finance lease payables		(242)	(315)
Deferred tax payables		(9,321)	(9,428)
		<u>(9,563)</u>	<u>(9,743)</u>
NET ASSETS/(LIABILITIES)		<u>331,264</u>	<u>259,962</u>
Capital and reserves			
Share capital	11	9,619	6,682
Reserves	12	<u>321,645</u>	<u>253,280</u>
TOTAL EQUITY		<u>331,264</u>	<u>259,962</u>

Notes:

1. BASIS OF PREPARATION AND GOING CONCERN

These condensed consolidated financial statements for the six months ended 30 June 2015 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 2014. 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 2014.

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 2015. 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 2015, 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 2014.

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

	Coal mining business <i>HK\$'000</i>	Health care and household product <i>HK\$'000</i>	Total <i>HK\$'000</i>
Period ended 30 June 2015			
Turnover	–	80,946	80,946
Segment (loss)	(413)	(448)	(861)
Interest income	–	8	8
Finance costs	–	445	445
Depreciation	26	2,580	2,606
Income tax expense	–	409	409
Additions to segment non-current assets	–	1,133	1,133
As at 30 June 2015			
Segment assets	206,959	129,450	336,409
Segment liabilities	–	74,171	74,171
Investment in a jointly controlled entity	–	349	349
	<u> </u>	<u> </u>	<u> </u>
	Coal mining business <i>HK\$'000</i>	Health care and household product <i>HK\$'000</i>	Total <i>HK\$'000</i>
Period ended 30 June 2014			
Turnover	–	83,735	83,735
Segment profit	33,766	702	34,468
Interest income	–	–	–
Finance costs	9,434	671	10,105
Depreciation	121	2,092	2,213
Income tax expense	–	328	328
Additions to segment non-current assets	–	778	778
As at 31 December 2014			
Segment assets	206,714	138,660	345,374
Segment liabilities	–	93,409	93,409
Investment in a jointly controlled entity	–	368	368
	<u> </u>	<u> </u>	<u> </u>

Reconciliations of reportable segment, profit/(loss), assets and liabilities:

	Six months ended 30 June 2015 HK\$'000	Six months ended 30 June 2014 HK\$'000
(Loss)/profit		
Total (loss)/profit of reportable segments	(861)	34,468
Unallocated corporate results	(13,082)	(1,296)
	(13,943)	33,172
	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Assets		
Total assets of reportable segments	336,409	345,374
Unallocated corporate assets	97,276	26,938
Consolidated total assets	433,685	372,312
Liabilities		
Total liabilities of reportable segments	74,171	93,409
Other liabilities	28,250	18,941
Consolidated total liabilities	102,421	112,350

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	Six months ended	As at	As at
	30 June	30 June	30 June	31 December
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
France	4,110	6,718		
Germany	9,902	9,369		
Indonesia	–	–	206,388	206,414
Italy	3,355	5,469		
Japan	3,008	3,417		
The People's Republic of China (the "PRC")	7,945	10,880	58,839	60,885
United Kingdom	7,316	4,340		
United States of America	28,822	33,599		
Hong Kong and others	16,488	9,943	1,499	1,226
Consolidated total	80,946	83,735	266,726	268,525

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

4. 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 recognized in turnover during the period represents manufacture and sale of healthcare and household products.

5. 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 2015 represented the under-provision of tax in previous year.

6. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 June 2015 HK\$'000	Six months ended 30 June 2014 HK\$'000
Interest income	(23)	–
Written off of unsecured other loans and accrued interest	–	(9,729)
Depreciation	2,760	2,785
Directors' remuneration	2,883	2,901
	<u>2,883</u>	<u>2,901</u>

7. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2015 (2014: HK\$Nil).

8. (LOSS)/PROFIT PER SHARE

(a) Basic loss per share

The calculation of basic profit 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\$13,943,000 (Profit for the six months ended 30 June 2014: approximately HK\$33,172,000) and the weighted average number of ordinary shares of 778,791,998 (Six months ended 30 June 2014: 271,902,508) in issue during the period.

(b) Diluted loss per share

As the Company did not have any outstanding dilutive potential ordinary shares during the period ended 30 June 2015, no diluted loss per share was presented for this period.

As the exercise of Company's outstanding convertible bonds for the period ended 30 June 2014 would be anti-dilutive, no diluted profit per share was presented for this period.

9. TRADE AND OTHER RECEIVABLES

Trade debts are normally due within from 30 to 120 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 2015 HK\$'000	As at 31 December 2014 HK\$'000
0 to 30 days	11,138	14,384
31 to 90 days	12,267	21,000
91 to 180 days	110	1,781
Over 181 days	115	108
	23,630	37,273

10. 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 2015 HK\$'000	As at 31 December 2014 HK\$'000
0 to 30 days	6,936	7,713
31 to 90 days	8,062	14,561
91 to 180 days	2,162	32
181 to 365 days	569	1,170
	17,729	23,476

11. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 December 2014, 1 January 2015 and 30 June 2015	100,000,000,000	1,000,000
	Number of shares	Amount HK\$'000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 December 2014 and 1 January 2015	668,223,603	6,682
Issue of shares on placement on 24 February 2015	133,644,720	1,337
Issue of shares on placement on 12 June 2015	160,000,000	1,600
At 30 June 2015	961,868,323	9,619

12. RESERVES

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Share premium account	2,066,343	1,983,606
Contributed surplus	228,413	228,413
Foreign currency translation reserve	(2,334)	(1,905)
Warrant reserve	24,226	24,226
Property revaluation reserve	27,331	27,331
Accumulated losses	(2,022,334)	(2,008,391)
	321,645	253,280

13. EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Turnover of the Group for the six months ended 30 June 2015 amounted to HK\$80.9 million, which represented an decrease of 3% as compared to HK\$83.7 million in the corresponding period 2014.

The consolidated loss of the Group for the six months ended 30 June 2015 amounted to HK\$13.9 million. This represented an decrease of approximately HK\$47.1 million as compared to the profit of HK\$33.2 million in the corresponding period 2014.

Manufacturing business

Turnover of the manufacturing business decrease to HK\$80.9 million for the six months ended 30 June 2015, which represented an decrease of 3% as compared to HK\$83.7 million in the corresponding period 2014. The decrease reflected the combined effect of sales volume changes in different locations of the customers with sluggish demand from traditional markets such as United States of America, Italy and France. New orders were mainly from other countries in the European Union.

Gross margin increase from 22% to 25% mainly due to stable raw material cost and improving production efficiency for the six month ended 30 June 2015 as compared to the corresponding period in 2014. As such gross profit was increased by HK\$1.3 million or 7% to HK\$20.0 million (six months ended 30 June 2014: HK\$18.7 million) despite a 3% decrease in turnover.

Overall, the manufacturing business recorded a segmental loss of HK\$0.45 million as compared to a segmental profit of HK\$0.7 million in the corresponding period 2014 mainly due to higher labor cost.

As demand of traditional markets remained weak in the first half of 2015, we are pessimistic about sales growth for the remaining months of 2015. Nevertheless the recent devaluation of the Renminbi may help to stimulate sales in those markets.

Coal mining business

As mentioned in the Group's Annual Report 2014, given that an unfavorable coal market environment continued and the difficulty experienced by the Group in negotiating with the local landowners and villagers for land use, the Group was cautioned in assessing whether commencing coal development and production for the PT Bara Mine will be economical to the Group and will enable best use of the Group's resources. Therefore, there were still no exploration activity, development activity and mining activity carried out by the Group during the six months ended 30 June 2015. In addition, there were no contracts or commitments entered into for arrangement of infrastructure building, mining subcontracting and equipment purchasing during the six months ended 30 June 2015.

No capital expenditure was incurred on mining infrastructure as there was no development activity during the six month ended 30 June 2015. Operating expenses related to the Group's mining business charged to statement of profit or loss and other comprehensive income were mainly administrative expenses and amounted approximately HK\$ 0.4 million for the six month ended 30 June 2015.

No substantial development has been made since the end of 2014. The Company will inform the shareholders of the Company of any further development in the operation of the PT Bara Mine as and when appropriate.

The coal resource estimates as at 30 June 2015 were as follows:

JORC Category	Coal Resource Estimate (in thousand tonnes)			Change in %	Reason of change
	As at 30 June 2015	As at 31 December 2014			
Measured	8,705	8,705	Nil	N/A	
Indicated	11,537	11,537	Nil	N/A	
Inferred	6,097	6,097	Nil	N/A	
	<u>26,339</u>	<u>26,339</u>			

The above coal resources estimates of the PT Bara Mine as at 31 December 2014 were the same as they were previously disclosed in the report dated 2 June 2011 (the "2011 Report") prepared by Roma Oil and Mining Associates Limited ("Roma") under the JORC Code because there was no material change to the project since then. In March 2015, the local management team of the PT Bara Mine had conducted an internal review on the coal resources estimates of the PT Bara Mine and concluded the same.

As at the date of this report, no substantial development has been made since the end of 2014. The Company will inform the shareholders of the Company of any further development in the PT Bara Mine project as and when appropriate.

Others

Other income decreased by HK\$9.9 million to HK\$1.0 million mainly because there was a written back of unsecured loan with accrued interest amounted to HK\$9.7 million for the period ended 30 June 2014 while there was no such income for the corresponding period in 2015.

No fair value gain on derivative components of convertible bonds was recorded for the period ended 30 June 2015 as all the outstanding convertible bonds of the Company had been either converted or redeemed in 2014. (six months ended 30 June 2014: HK\$44.8 million).

Finance costs decreased by HK\$9.6 million to HK\$0.5 million for the period ended 30 June 2015. There was HK\$9.4 million of effective interest expense on convertible bonds of the Company for the period ended 30 June 2014 while there was no such expense for the corresponding period in 2015 as all the outstanding convertible bonds of the Company had been either converted or redeemed in 2014.

Proposed very substantial acquisition

Reference is made to the announcements dated 21 April 2015, 30 June 2015, 31 July 2015 and 24 August 2015 (the “Announcements”) of the Company in relation to the proposed acquisition (the “Acquisition”) of a group of companies (the “Target Group”) which is principally engaged in the production and sales of microorganism fertilizers in the PRC. As the Acquisition constitutes a very substantial acquisition for the Company and is therefore subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules. A circular containing, among other things, (i) further information of the Acquisition; (ii) accountants’ report of the Target Group; (iii) pro forma financial information on the Group and the Target Group (the “Enlarged Group”); (iv) valuation report on the Target Group; and (v) notice of the special general meeting of the Company to be convened for the purpose of considering and approving the relevant resolutions in relation to the Acquisition will be dispatched to the shareholders of the Company on 31 August 2015.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 30 June 2015, the Group had total cash and bank deposits amounted to HK\$80.5 million (31 December 2014: HK\$31.3 million) which included foreign currency deposits denominated in Renminbi (“RMB”) amounted to HK\$ 4.1 million (31 December 2014: HK\$4.8 million).

Current ratio

As at 30 June 2015, the Group had net current assets of HK\$74.1 million (31 December 2014: HK\$1.2 million) and the current ratio (being current assets over current liabilities) of 1.80 (31 December 2014: 1.01).

Debts and borrowings

As at 30 June 2015, the Group had total debts and borrowings of HK\$0.8 million (31 December 2014: HK\$15.3 million) which included an unsecured loan from financial institution of HK\$0.4 million.

Gearing ratio

The Group’s gearing ratio being total debt over total equity is 0.002 (31 December 2014: 0.06).

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

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. 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 hedge against interest rates risk as the management does not foresee the impact of any fluctuation in interest rates to be material to the Group. At 30 June 2015, as the Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates.

Employees and Remuneration Policy

At 30 June 2015, the Group had 29 employees (31 December 2014: 28) in Hong Kong, 666 employees (31 December 2014: 808) in PRC and 2 employees (31 December 2014: 2) 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.

The Company's option scheme which was approved in a shareholders' special general meeting on 3 March 2010 (the "Share Option Scheme 2010") had expired on 2 March 2015. No share options were granted or exercised under the Share Option Scheme 2010 during the six month ended 30 June 2015.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed with management the unaudited interim financial statements for the six months ended 30 June 2015. The unaudited interim financial statements for the six months ended 30 June 2015 were approved and authorized for issue by the Board of Directors on 28 August 2015.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: 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 2015.

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 2015.

CORPORATE GOVERNANCE

The Company has complied with all provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2015 except for Provision A.4.1 which stipulates that INEDs should be appointed for a specific term and subject to re-election. 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. As all 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

As at the date of this announcement the Audit Committee comprises Mr. Hau Chi Kit, Mr. Lam Bing Kwan, Mr. Leung Chi Hung and Mr. Li Hon Kuen being all the INEDs in the Board. Mr. Li Hon Kuen 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.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement of the Group for the six months ended 30 June 2015 is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.eForce.com.hk>) respectively. The 2015 interim report of the Company will be dispatched to the shareholders and made available on the above websites in September 2015.

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

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Tam Lup Wai, Franky, Mr. Liu Liyang, Mr. Au Yeung Yiu Chung, Mr. Chan Tat Ming, Thomas and Mr. Luo Xiaohong; and four independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Lam Bing Kwan, Mr. Leung Chi Hung and Mr. Li Hon Kuen.