



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 2016

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 2016 together with the unaudited comparative figures for the corresponding period 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	122,825	80,946
Cost of sales		(77,974)	(60,915)
Gross profit		44,851	20,031
Other income		2,875	986
Selling and distribution expenses		(3,773)	(1,942)
Administrative expenses		(44,935)	(32,105)
Loss from operations		(982)	(13,030)
Loss on settlement of promissory note	14	(21,540)	—
Net gain on fair value changes on financial assets at fair value through profit or loss		2,023	—
Share of results of a joint venture		(30)	(19)
Finance costs		(1,480)	(485)

* For identification purpose only

		Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Loss before tax		(22,009)	(13,534)
Income tax expense	6	<u>(121)</u>	<u>(409)</u>
Loss for the period	7	<u>(22,130)</u>	<u>(13,943)</u>
Other comprehensive loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(2,926)</u>	<u>(429)</u>
Total comprehensive loss for the period		<u>(25,056)</u>	<u>(14,372)</u>
Loss for the period attributable to:			
Owners of the Company		(22,248)	(13,943)
Non-controlling interests		<u>118</u>	<u>—</u>
		<u>(22,130)</u>	<u>(13,943)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(25,174)	(14,372)
Non-controlling interests		<u>118</u>	<u>—</u>
		<u>(25,056)</u>	<u>(14,372)</u>
Loss per share	9		(Restated)
Basic (cents per share)		<u>(1.94)</u>	<u>(5.48)</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

		At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Exploration and evaluation assets		153,200	153,200
Property, plant and equipment	10	88,349	84,589
Goodwill		45,977	45,977
Intangible asset		138,750	146,250
Investment in a joint venture		416	446
Financial assets at fair value through profit or loss		66,994	62,956
Loans receivables	11	15,000	15,000
Other assets		20,014	25,076
		<u>528,700</u>	<u>533,494</u>
Current assets			
Inventories		41,656	33,204
Trade and other receivables	12	118,672	74,411
Financial assets at fair value through profit or loss		190	2,205
Derivative financial instrument		1,697	1,697
Loans receivables	11	53,518	3,365
Cash and bank balances		11,822	309,105
		<u>227,555</u>	<u>423,987</u>
Current liabilities			
Trade and other payables	13	(126,286)	(378,969)
Borrowings		(15,954)	(10,050)
Finance lease payables		(151)	(148)
Current tax liabilities		(4,519)	(5,314)
		<u>(146,910)</u>	<u>(394,481)</u>
Net current assets		<u>80,645</u>	<u>29,506</u>
Total assets less current liabilities		<u>609,345</u>	<u>563,000</u>

		At 30 June 2016 <i>HK\$'000</i> (Unaudited)	At 31 December 2015 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current liabilities			
Finance lease payables		(91)	(167)
Deferred tax liabilities		(18,143)	(18,322)
Promissory note	14	—	(252,323)
		<u>(18,234)</u>	<u>(270,812)</u>
NET ASSETS		<u>591,111</u>	<u>292,188</u>
Capital and reserves			
Share capital	15	48	9,618
Reserves		<u>588,012</u>	<u>279,861</u>
Equity attributable to owners of the Company		588,060	289,479
Non-controlling interests		<u>3,051</u>	<u>2,709</u>
TOTAL EQUITY		<u>591,111</u>	<u>292,188</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. GENERAL INFORMATION

eForce Holding Limited was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Suite 3008, Man Yee Building, 68 Des Voeux Road Central, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The principal activities of the Company and its subsidiaries (collectively "the Group") for the period ended 30 June 2016 are manufacturing and trading of healthcare and household products, production and sale of organic agricultural and fertilizers products, money lending business and coal mining business.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015 ("2015 Annual Report").

The preparation of an Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of 2015 Annual Report of the Group.

3. 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 (the "HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (the "HKAS"); 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 and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 June 2016:

Description	Fair value measurements as at 30 June 2016 using:			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
– Listed equity securities	190	–	–	190
– Convertible bonds	–	–	66,994	66,994
Derivative financial instrument				
– Profits guaranteed arrangement	–	–	1,697	1,697
Total recurring fair value measurements	190	–	68,691	68,881

	Fair value measurements as at			
	31 December 2015 using:			Total
	Level 1	Level 2	Level 3	2015
Description	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Audited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
– Listed equity securities	2,205	–	–	2,205
– Convertible bonds	–	–	62,956	62,956
Derivative financial instrument				
– Profits guaranteed arrangement	–	–	1,697	1,697
Total recurring fair value measurements	2,205	–	64,653	66,858

During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2015: Nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

- (b) Reconciliation of assets measured at fair value based on level 3:

Description	Convertible bonds	
	2016	2015
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
At 1 January	62,956	–
At initial recognition	–	20,475
Change in fair value recognised in consolidated profit or loss [#]	4,038	42,481
At 30 June/31 December	66,994	62,956
Description	Profits guaranteed arrangement	
	2016	2015
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
At 1 January	1,697	–
At initial recognition	–	1,697
At 30 June/31 December	1,697	1,697

[#] The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in net gain on fair value changes on financial assets at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2016:

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2016 HK\$'000 (Unaudited)
Convertible bonds	Binomial model	The risk free interest rate, share price volatility, dividend yield, and credit discount rate	Share price volatility of 107%, taking into account the historical share price of the issuing company for the period of time close to the expected time to exercise.	Increase	
			Risk free are of 0.877%, referencing US Treasury Bond for the same period.	Increase	
			Dividend yield of 0%, referencing historical dividend payout.	Decrease	
			Discount rate make reference to comparable bond yields.	Decrease	
					<u>66,994</u>
Profits guaranteed arrangement	Discounted payoff with scenarios	Credit discount rate	Discount rate make reference to comparable bond yields.	Decrease	
					<u>1,697</u>

There are no changes in the valuation techniques used.

5. REVENUE AND SEGMENT INFORMATION

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

	Trading of agricultural and fertilizers products <i>HK\$'000</i> (Unaudited)	Money lending business <i>HK\$'000</i> (Unaudited)	Coal mining business <i>HK\$'000</i> (Unaudited)	Healthcare and household business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Period ended 30 June 2016:					
Revenue	22,628	3,030	–	97,167	122,825
Segment (loss)/profit	1,793	3,020	(208)	5,527	10,132
At at 30 June 2016:					
Segment assets – unaudited	284,940	68,591	153,340	156,559	663,430
Segment liabilities – unaudited	25,590	–	–	110,359	135,949
Period ended 30 June 2015:					
Revenue	–	–	–	80,946	80,946
Segment loss	–	–	(413)	(448)	(861)
At as 31 December 2015:					
Segment assets – audited	300,155	18,438	153,542	122,317	594,452
Segment liabilities – audited	20,620	–	–	66,343	86,963

Reconciliations of reportable segment profit or loss:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit or loss:		
Total profit/(loss) of reportable segments	10,132	(861)
Corporate and unallocated profit or loss	(32,262)	(13,082)
Consolidated loss for the period	(22,130)	(13,943)

Geographical information:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Revenue:		
United States of America	28,338	28,822
The People's Republic of China (the "PRC")	50,647	7,945
Germany	20,700	9,902
France	2,914	4,110
Italy	1,143	3,355
United Kingdom	5,308	7,316
Japan	1,495	3,008
Hong Kong and others	12,280	16,488
	122,825	80,946

In presenting the geographical information, revenue is based on the locations of the customers. No revenue has been recorded for coal mining business for both period.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax	121	409

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 (six months ended 30 June 2015: Nil).

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.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net gain on fair value changes on financial assets at fair value through profit or loss	(2,023)	—
Directors' emoluments	2,994	2,883

8. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

9. LOSS PER SHARE

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\$22,248,000 (loss for the six months ended 30 June 2015: approximately HK\$13,943,000) and the weighted average number of 1,148,648,818 ordinary shares (six months ended 30 June 2015: 254,288,944 ordinary shares, as adjusted to reflect the impact of share consolidation on 7 December 2015 and open offer in issue during the period).

Diluted loss per share

No diluted loss per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during the periods ended 30 June 2016 and 2015.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, property, plant and equipment of approximately HK\$4,770,000 was acquired by the Group (six months ended 30 June 2015: approximately HK\$1,621,000).

11. LOANS RECEIVABLES

		30 June	31 December
		2016	2015
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Loans receivables		68,518	18,365
Analysed for reporting purposes as:			
– Non-current assets	(a)	15,000	15,000
– Current assets	(b)	53,518	3,365
		68,518	18,365

- (a) This is a Hong Kong dollar loan with principal of HK\$15,000,000 granted to an independent third party. The loan is mature on 7 September 2017, bearing interest at 7.5% per annum and charged over the property owned by borrower. As at 30 June 2016, the directors considered the value of the pledged asset is sufficient to cover the outstanding loan and accrued interests. The related loan receivable was classified as non-current asset as at 30 June 2016.
- (b) Loans receivable of approximately HK\$53,518,000 classified as current asset as at 30 June 2016 represent unsecured short term loans granted to nine independent third parties during the period ended 30 June 2016. The loans bear interest ranging from 10% to 24% per annum. The Group seeks to maintain strict control over the outstanding receivables by monitoring the creditworthiness and repayment history of the borrowers. Overdue balances are closely reviewed and monitored by the Directors.

12. TRADE AND OTHER RECEIVABLES

Trade and other receivables include trade receivables of approximately HK\$78,251,000 as at 30 June 2016. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follow:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
0 to 30 days	37,689	11,134
31 to 90 days	29,886	15,497
91 to 180 days	6,150	6,533
Over 181 days	4,526	4,702
	<u>78,251</u>	<u>37,866</u>

13. TRADE AND OTHER PAYABLES

Trade and other payables include trade payables of approximately HK\$44,355,000 as at 30 June 2016. The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
0 to 30 days	20,276	7,111
31 to 90 days	19,351	10,290
91 to 180 days	3,877	177
181 to 365 days	851	942
	<u>44,355</u>	<u>18,520</u>

14. PROMISSORY NOTE

During the period ended 30 June 2016, the principal amount of the promissory note together with the interest being accrued up to the settlement date was fully settled by the Company upon completion of the open offer (Note 15(a)). A loss on settlement of the promissory note of approximately HK\$21,540,000 was recognized for the period ended 30 June 2016.

15. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Amount HK\$'000
<u>Authorised:</u>			
Ordinary shares of HK\$0.04 each at 31 December 2015 and 1 January 2016		25,000,000,000	1,000,000
Capital reorganisation	(b)	24,975,000,000,000	–
Ordinary shares of HK\$0.00004 each at 30 June 2016		25,000,000,000,000	1,000,000
 Number of shares			
Amount HK\$'000			
<u>Issued and fully paid:</u>			
Ordinary shares of HK\$0.04 each at 31 December 2015 and 1 January 2016		240,467,080	9,618
Open offer	(a)	961,868,320	38,475
Capital reorganisation	(b)	–	(48,045)
At 30 June 2016		1,202,335,400	48

- (a) On 16 September 2015, the Company entered into the underwriting agreement with the underwriter in respect of the open offer of four offer shares for every one consolidated share held on record date at HK\$0.35 per offer share. The open offer was completed on 12 January 2016. The net proceeds of the open offer was amounted to approximately HK\$323,755,000, (after deducting the underwriting commission and other related expenses of approximately HK\$12,899,000), of which approximately HK\$285,918,000 was received in last year.
- (b) With reference made to the announcement of the Company dated 24 February 2016 and the Circular of the Company dated 10 March 2016, the Company has proposed to implement the Capital Reorganisation which involves (i) the Capital Reduction by cancelling the paid-up capital to the extent of HK\$0.03996 on each of the issued shares with par value from HK\$0.04 to HK\$0.00004, with the credit arising from the Capital Reduction being transferred to the Contributed Surplus Account; (ii) Cancellation of Share Premium with the credit arising thereon being transferred to the Contributed Surplus Account; (iii) Subdivision

of the authorised but unissued shares into 1,000 new shares with a par value of HK\$0.00004 each; and (iv) offset against the accumulated losses by Contributed Surplus Account as permitted by the bye-laws of the Company. In the opinions of the Directors of the Company, the Capital Reorganisation could provide greater flexibility in possible fund arising in the future.

16. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (31 December 2015: Nil).

17. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Contracted but not provided for		
Quality guarantee deposit	17,500	17,500
Interest-free loan to a joint venture	4,000	4,000
	21,500	21,500

18. EVENTS AFTER THE REPORTING PERIOD

- (a) On 8 August 2016, the Company entered into a placing agreement with a placing agent in respect of the placement of 240,464,000 ordinary shares of HK\$0.00004 each to independent investors at a price of HK\$0.083 per share. The placement was completed on 23 August 2016.

19. APPROVAL OF FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 30 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Results for the year

Revenue of the Group for the six months ended 30 June 2016 amounted to approximately HK\$122.8 million, which represented an increase of approximately HK\$ 41.9 million or 52% as compared to approximately HK\$80.9 million in the corresponding period 2015.

The consolidated loss of the Group for the six months ended 30 June 2016 amounted to approximately HK\$ 22.1 million. This represented an increase of approximately HK\$ 8.2 million or 59% as compared to the loss of approximately HK\$13.9 million in the corresponding period 2015.

Following is the review of the business of the Group for the six months ended 30 June 2016 and the outlook of the Group's business in the second half of 2016.

Manufacture and sale of healthcare and household products

Revenue of the manufacturing business increased to approximately HK\$97.2 million for the six months ended 30 June 2016, which represented an increase of approximately HK\$16.3 million or 20% as compared to approximately HK\$80.9 million in the corresponding period 2015. Such increase reflected the combined effect of sales volume changes in different locations of customers with decrease from traditional markets such as France, Italy, Japan and United Kingdom and prominent increase from Germany and the People's Republic of China (the "PRC").

Gross profit margin improved from 25% to 28% mainly due to the decrease in raw material cost during the period under review. The improved gross profit margin together with the increase in revenue had increased gross profit of the Group's manufacturing business by approximately HK\$7.2 million or 36% to approximately HK\$27.2 million (six months ended 30 June 2015: approximately HK\$20.0 million).

Overall, the Group's manufacturing business recorded a segmental profit of approximately HK\$5.5 million as compared to a segmental loss of approximately HK\$0.45 million in the corresponding period 2015 which reflected the combined effect of overall sales increase and decrease in raw material cost.

As mentioned in our Annual Report 2015, we are pessimistic about sales growth in advance economies and forecast flat growth or decrease sales in these locations or countries in the second half of 2016. On the other hand, despite the growth of GDP of the PRC continues to slow down, its consumer goods sector will still has the fastest growth in the world over the next few years. Our PRC sales had already increased by more than 200% in the first half of 2016 and the feedback from the market is good. Therefore, we will continue our focus in developing the PRC market in the second half of 2016 and 2017.

Coal mining business

As the Group had not yet started any mining production at the Group's coal mine project in Central Kalimantan Province in the Republic of Indonesia ("PT Bara Mine"), no revenue was recognized from the coal mining business for the six months ended 30 June 2016.

Given that an unfavorable coal market environment continued from 2015 to 2016, no exploration activity, development activity and mining activity was carried out by the Group in 2015 and the first half of 2016. In addition, there were no contracts or commitments entered into for arrangement of infrastructure building, mining subcontracting and equipment purchasing in 2015 and the first half of 2016. No progress had been made in the land use negotiation with the local landowners and villagers in 2015 and the first half of 2016.

No capital expenditure was incurred on mining infrastructure as there was no development activity during the six months ended 30 June 2016. 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\$0.2 million for the six month ended 30 June 2016 (six months ended 30 June 2015: approximately HK\$0.4 million).

The coal resource estimates as at 30 June 2016 were as follows :

JORC Category	Coal Resource Estimate (in thousand tonnes)			
	As at 30 June 2016	As at 31 December 2015	Change in %	Reason of change
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>		

As no exploration and mining activity had been carried out during the six months ended 30 June 2016 and therefore no material change to the PT Bara Mine since the end of 2015, the coal resources estimates as of 30 June 2016 were the same as of 31 December 2015. No review of the coal resources was carried during the six months ended 30 June 2016.

The carrying amount of the exploration and evaluation assets is reviewed for impairment annually. The last valuation of PT Bara Mine was done at the beginning of 2016 by Roma Appraisals Limited ("Roma Appraisals") and an impairment loss of approximately HK\$53.2 million was recognised for the year ended 31 December 2015 being the carrying amount of the PT Bara Mine that exceeded its recoverable amount as at 31 December 2015.

Amid the coal demand downtrend continue, as at the date of this report the Company has no plan to carry out any exploration, development and mining activity in the second half of 2016. Nevertheless, 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.

Production and sale of organic agricultural and fertilizers products

This was the first half financial year after the completion of the acquisition of the organic agricultural and fertilizers business in September 2015. Revenue of this reportable segment for the six months ended 30 June 2016 was approximately HK\$22.6 million and represented more than 50% of the increase in revenue of the Group for the period under review. Segment profit was approximately HK\$1.8 million.

As mentioned in our Annual Report 2015, we are optimistic about the demand of organic fertilizer in the PRC agriculture market because with rapid economic development and population growth in the PRC, demand for crops will continue to increase which in turn stimulate the demand for fertilizers. And with the increase in health awareness amongst consumers in the PRC, the demand for green food and organic crops will also be increased.

Money lending business

As mentioned in our Annual Report 2015, the Group had commenced its money lending business in September 2015. Total interest income and segmental profit from the money lending business for the six months ended 30 June 2016 was approximately HK\$3.0 million and HK\$3.0 million, respectively. Depends on the nature and terms and conditions of each loan that made, interest rate was ranged from 7.5% per annum to 24% per annum (or 2% per month). Total loan receivable as at 30 June 2016 was approximately HK\$68.5 million (31 December 2015: approximately HK\$18.4 million).

Others

Administrative expenses increased by approximately HK\$12.8 million mainly due to the extra administrative expenses of the organic agricultural and fertilizers business which were consolidated upon completion of the acquisition in September 2015.

A loss on settlement of the promissory note of approximately HK\$21.5 million was recognized for the period ended 30 June 2016 upon completion of the open offer in January 2016.

Net gain of approximately HK\$2.0 million (six months ended 30 June 2015: Nil) on fair value changes on financial assets at fair value through profit or loss for the period was net combine effect of a gain of approximately HK\$4.0 million on the fair value change on convertible bonds acquired by the Company in November 2015 and loss of approximately HK\$2.0 million on fair value changes on equities securities listed in Hong Kong.

Finance costs increased by approximately HK\$1.0 million (six months ended 30 June 2015: approximately HK\$0.5 million) due to the interest on promissory note upon settlement of it.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

As at 30 June 2016, the Group had cash and bank deposits of approximately HK\$11.8 million (2015: approximately HK\$309.1 million) with a foreign currency deposits denominated in Renminbi (“RMB”) amounted to approximately HK\$7.7 million (2015: approximately HK\$6.8 million).

Current ratio

As at 30 June 2016, the Group had net current assets of approximately HK\$80.6 million (2015: approximately HK\$29.5 million) and current ratio (being current assets over current liabilities) of 1.55 (2015: 1.07).

Debts and borrowings

As at 30 June 2016, the Group had total debts and borrowings of approximately HK\$16.2 million (2015: approximately HK\$262.7 million) which mainly included unsecured loan from a financial institute, secured bank loan and secured other loans of approximately HK\$16.0 million in total (2015: approximately HK\$10.1 million) (Amount as at 31 December 2015 also included promissory note of approximately HK\$252.3 million).

Gearing ratio

The Group’s gearing ratio being total debt over total equity is 0.03 (2015: 0.9).

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 is mainly at fixed rates. The Group has minimal exposure to interest rate risk, the Group’s operating cash flows are substantially independent of changes in market interest 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.

Employees and Remuneration Policy

As at 30 June 2016, the Group had 30 employees (2015: 30) in Hong Kong, 853 employees (2015: 729) in the PRC and 2 employees (2015: 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 has an option scheme which was approved in a shareholders' special general meeting on 31 August 2015 ("Share Option Scheme 2015"). Under Share Option Scheme 2015, the Company may offer to any persons who the Board considered, at its sole discretion, have contributed or will contribute to the Group. Details of Share Option Scheme 2015 were set out in the Company's circular on 14 August 2015. No share options were granted or exercised during the six months ended 30 June 2016 under Share Option Scheme 2015.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed and discussed with the management and the auditor the unaudited interim financial statements for the six months ended 30 June 2016. The unaudited interim financial statements for the six months ended 30 June 2016 were approved and authorized for issue by the Board of Directors on 30 August 2016.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: 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 2016.

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 2016.

CORPORATE GOVERNANCE CODE

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 during the six months ended 30 June 2016 except for Provision A.4.1 stipulates that independent non-executive Directors (“INEDs”) should be appointed for a specific term and subject to re-election. All INEDs of the Company are not appointed for a specific term but are subject to retirement by rotation at the annual general meeting in accordance with the Bye-laws of the Company. 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

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 independent non-executive Directors 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 2016 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 2016 interim report of the Company will be dispatched to the shareholders and made available on the above websites in September 2016.

By order of the Board
eForce Holdings Limited
Liu Liyang

Deputy Chairman and Chief Executive Officer

Hong Kong, 30 August 2016

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