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 2019

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 2019 together with the unaudited comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Interest revenue		**8,004**	7,800
Other revenue		**94,472**	112,365
Total revenue	4	**102,476**	120,165
Cost of sales		**(67,113)**	(92,431)
Gross profit		**35,363**	27,734
Other income		**393**	371
Selling and distribution expenses		**(1,358)**	(1,701)
Administrative expenses		**(37,255)**	(39,939)

* *For identification purpose only*

	Notes	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited) (Restated)
Loss from operations		**(2,857)**	(13,535)
Net loss on fair value changes on investments at fair value through profit or loss		**(12,130)**	(2,492)
Gain on bargain purchase	14	**102,508**	111,733
Share of results of associates		**(17,230)**	(332)
Finance costs		**(14,536)**	(363)
Profit before tax		**55,755**	95,011
Income tax expense	5	**(404)**	(946)
Profit for the period from continuing operations		**55,351**	94,065
Discontinued operations			
Loss for the period from discontinued operations	15	**(14,581)**	(2,299)
Profit for the period	6	**40,770**	91,766
Profit for the period attributable to:			
Owners of the Company			
From continuing operations		**55,844**	94,065
From discontinued operations		**(14,158)**	(1,808)
		41,686	92,257
Non-controlling interests			
From continuing operations		**(493)**	–
From discontinued operations		**(423)**	(491)
		(916)	(491)
		40,770	91,766

	Notes	Six months ended 30 June **2019** ***HK$'000*** **(Unaudited)**	 2018 *HK$'000* (Unaudited) (Restated)
Profit for the period		**40,770**	91,766
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Release of exchange differences on disposal of subsidiaries		**6,908**	–
Exchange differences on translating foreign operations		**1,596**	(1,886)
Other comprehensive income/(loss) for the period, net of tax		**8,504**	(1,886)
Total comprehensive income for the period		**49,274**	89,880
Total comprehensive income for the period attributable to:			
Owners of the Company		**50,190**	90,217
Non-controlling interests		**(916)**	(337)
		49,274	89,880
Earnings/(loss) per share	8		
From continuing and discontinued operations			
Basic (cents per share)		**0.40**	1.13
Diluted (cents per share)		**N/A**	N/A
From continuing operations			
Basic (cents per share)		**0.53**	1.16
Diluted (cents per share)		**N/A**	N/A
From discontinued operations			
Basic (cents per share)		**(0.13)**	(0.03)
Diluted (cents per share)		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**As at 30 June 2019 HK$'000 (Unaudited)**	As at 31 December 2018 HK$'000 (Audited)
Non-current assets			
Exploration and evaluation assets		**228,690**	228,690
Property, plant and equipment	9	**63,488**	98,899
Right-of-use assets		**8,686**	–
Interests in associates	10	**1,212,397**	617,424
Intangible assets		**–**	70,570
Investments at fair value through profit or loss		**2,222**	14,028
Other assets		**–**	3,161
		1,515,483	1,032,772
Current assets			
Inventories		**28,397**	41,082
Trade and other receivables	11	**226,196**	137,322
Investments at fair value through profit or loss		**279**	898
Loans and interests receivables	12	**105,567**	130,251
Amount due from an associate		**21,881**	21,881
Current tax assets		**905**	905
Bank and cash balances		**25,486**	18,292
		408,711	350,631
Current liabilities			
Trade and other payables	13	**(99,669)**	(128,049)
Lease liabilities		**(7,347)**	–
Finance lease payables		**–**	(318)
Borrowings		**(13,677)**	(16,670)
Current tax liabilities		**(6,845)**	(7,130)
		(127,538)	(152,167)
Net current assets		**281,173**	198,464
Total assets less current liabilities		**1,796,656**	1,231,236

	As at 30 June 2019 *HK$'000* (Unaudited)	As at 31 December 2018 *HK$'000* (Audited)
Non-current liabilities		
Lease liabilities	**(3,009)**	–
Finance lease payables	**–**	(728)
Shareholder loan	**(265,469)**	–
Deferred tax liabilities	**(10,844)**	(12,957)
	(279,322)	(13,685)
NET ASSETS	**1,517,334**	1,217,551
Capital and reserves		
Share capital	**429**	351
Reserves	**1,515,737**	1,214,365
Equity attributable to owners of the Company	**1,516,166**	1,214,716
Non-controlling interests	**1,168**	2,835
TOTAL EQUITY	**1,517,334**	1,217,551

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 2019 are manufacturing and trading of healthcare and household products, production and sale of organic agricultural and fertilizers products, money lending business, coal mining business and primary land development.

Upon the disposal of the Group's wholly owned subsidiary, Ample One Limited, the Group discontinued its operation of the production and sale of organic agricultural and fertilizers products.

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 2018 ("2018 Annual Report").

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 2018 Annual Report of the Group except as stated below:

(a) Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	50%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

(b) Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

– The post-tax profit or loss of the discontinued operation; and

– The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. 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 consolidated financial statements and amounts reported for the current period and prior years except as stated below.

HKFRS 16 "Leases"

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17 "Leases."

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening balance sheet on 1 January 2019 as follows:

	1 January 2019 *HK$'000*
Increase in right-of-use assets	11,883
Increase in lease liabilities	(12,929)
Decrease in finance lease payable	1,046

The reconciliation of operating lease commitment to lease liabilities as at 1 January 2019 is set out below:

	HK$'000
Operating lease commitment as at 31 December 2018	13,904
Add: Finance lease payables	1,046
Less: Commitment relating to leases with a remaining lease term ending on or before 31 December 2019 and low-value assets	(1,015)
Discounting	(1,006)
Lease liabilities as at 1 January 2019	12,929
Representing:	
Current	6,480
Discounting	6,449
Non current	12,929

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 these 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. REVENUE AND SEGMENT INFORMATION

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

	Land development projects	Money lending business	Coal mining business	Healthcare and household business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period ended 30 June 2019: (Unaudited)					
Revenue	**–**	**8,004**	**–**	**94,472**	**102,476**
Segment (loss)/profit	**(1,320)**	**8,001**	**(204)**	**5,464**	**11,941**
As at 30 June 2019 (Unaudited)					
Segment assets	**611,249**	**105,625**	**227,339**	**153,165**	**1,097,378**
Segment liabilities	**9,820**	**15**	**–**	**87,906**	**97,741**
Period ended 30 June 2018: (Unaudited) (Restated)					
Revenue	–	7,800	–	112,365	120,165
Segment profit/(loss)	–	7,782	(495)	(1,265)	6,022
As at 31 December 2018 (Audited)					
Segment assets	–	130,312	227,339	165,588	523,239
Segment liabilities	–	15	–	108,147	108,162

The operation of trading of agricultural and fertilizers products in Liaoning and Nanjing was discontinued in the current period. The segment information reported does not include any amounts for the discontinued operations.

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit or loss:		
Total profit of reportable segments	**11,941**	6,022
Net loss on fair value changes on investments at fair value through profit or loss	**(12,130)**	(2,492)
Gain on bargain purchase	**102,508**	111,733
Share of results of associates	**(17,230)**	(332)
Corporate and unallocated profit or loss	**(29,334)**	(19,920)
Consolidated profit before tax for the period	**55,755**	95,011

An analysis of the Group's revenue from continuing and discontinued operations are as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Trading of agricultural and fertilizers products	**7,004**	17,024
Healthcare and household business	**94,472**	112,365
Revenue from contracts with customers	**101,476**	129,389
Interest income from money lending business	**8,004**	7,800
	109,480	137,189
Representing		
Continuing operations	**102,476**	120,165
Discontinued operations	**7,004**	17,024
	109,480	137,189

Disaggregation of revenue from contracts with customers

Segment	**Six months ended 30 June 2019** Trading of agricultural and fertilizers products *HK$'000* (Unaudited)	**Six months ended 30 June 2019** Healthcare and household business *HK$'000* (Unaudited)	Six months ended 30 June 2018 Trading of agricultural and fertilizers products *HK$'000* (Unaudited)	Six months ended 30 June 2018 Healthcare and household business *HK$'000* (Unaudited)
United States of America	**–**	**47,986**	–	42,220
The People's Republic of China (the "PRC")	**7,004**	**17,916**	17,024	31,154
Germany	**–**	**7,279**	–	11,730
France	**–**	**1,989**	–	4,934
United Kingdom	**–**	**3,537**	–	3,041
Hong Kong and others	**–**	**15,765**	–	19,286
	7,004	**94,472**	17,024	112,365

All revenue from contracts with customers are recognised at a point of time.

5. INCOME TAX EXPENSE

	Six months ended 30 June 2019 *HK$'000* (Unaudited)	Six months ended 30 June 2018 *HK$'000* (Unaudited)
Hong Kong Profits Tax		
– Under-provision in prior years	**–**	885
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**404**	643
Deferred tax	**(156)**	(673)
	248	855
Representing		
Continuing operations	**404**	946
Discontinued operations	**(156)**	(91)
	248	855

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 2018: 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.

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net loss on fair value changes on investment at fair value through profit or loss	**(12,130)**	(2,492)
Loss on disposal of subsidiaries	**(7,362)**	–
Gain on bargain purchase	**102,508**	111,733
Directors' emoluments	**(4,336)**	(3,609)

7. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

From continuing and discontinued operations

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK$41,686,000 (six months ended 30 June 2018: approximately HK$92,257,000) and the weighted average number of ordinary shares of 10,507,495,685 (six months ended 30 June 2018: 8,141,776,236) ordinary shares in issue during the period.

From continuing operations

The calculation of basic earnings per share from continuing operations attributable to owners of the Company is based on the profit for the period from continuing operations attributable to owners of the Company of approximately HK$55,844,000 (six months ended 30 June 2018: HK$94,065,000) and the denominator used is the same as that detailed above for basic earnings per share.

From discontinued operation

The calculation of basic loss per share from discontinued operation attributable to owners of the Company of HK cents 0.13 (six months ended 30 June 2018: HK cents 0.03) is based on the loss for the period from discontinued operations attributable to owners of the Company of approximately HK$14,158,000 (six months ended 30 June 2018: HK$1,808,000) and the denominator used is the same as that detailed above for basic earnings per share.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during the six months ended 30 June 2019 and 2018.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, property, plant and equipment of approximately HK$1,108,000 was acquired by the Group (six months ended 30 June 2018: approximately HK$3,631,000).

10. INTERESTS IN ASSOCIATES

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Share of net assets plus goodwill	**1,212,397**	617,424

The details of the associates are summarised as follows:

Name	Principal place of business/countries of incorporation	% of ownership interest		Principal activity	Carrying amount	
		30 June 2019	31 December 2018		**30 June 2019** *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Chengde CITIC Securities Jinyu Investment Development Co., Ltd.	the PRC	**42.5%**	–	Primary land development	**593,667**	–
Pacific Memory Sdn Bhd	Malaysia	**35.0%**	35.0%	Properties development	**618,730**	617,424
					1,212,397	617,424

11. TRADE AND OTHER RECEIVABLES

The trade and other receivables included trade receivables of approximately HK$36,256,000 as at 30 June 2019. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
0 to 30 days	**15,391**	31,169
31 to 90 days	**17,974**	21,316
91 to 180 days	**2,783**	11,073
Over 180 days	**108**	13,331
	36,256	76,889

12. LOANS AND INTERESTS RECEIVABLES

The loans and interests receivables included loans receivables of approximately HK$97,200,000 as at 30 June 2019. The aging analysis of loans receivables prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
0 to 6 months	**91,200**	89,300
7 to 12 months	**6,000**	31,700
	97,200	121,000

13. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables and bills payables of approximately HK$20,083,000 as at 30 June 2019. The aging analysis of the trade payables and bill payables, based on the date of receipt of goods, is as follows:

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
0 to 30 days	**6,294**	9,113
31 to 90 days	**10,722**	15,668
91 to 180 days	**1,911**	9,217
Over 180 days	**1,156**	2,928
	20,083	36,926

14. ACQUISITION OF A SUBSIDIARY

On 21 January 2019, the Group acquired 100% of the issued share capital of Hong Kong Zhongzheng City Investment Limited at a total consideration of approximately HK$516,037,000 which comprised a cash consideration of approximately HK$295,077,000 and the issue of 1,938,248,881 ordinary shares of the Company at HK$0.114 per share, which was the closing price of the shares of the Company on 21 January 2019. Hong Kong Zhongzheng City Investment Limited and its subsidiaries are principally engaged in primary land development projects in the PRC.

The fair value of the identifiable assets and liabilities of Hong Kong Zhongzheng City Investment Limited acquired as at its date of acquisition is as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	257
Interest in associates	610,254
Other receivables	3,888
Cash and bank balances	15,593
Trade and other payables	(4,330)
	625,662
Non-controlling interest	(7,117)
Gain on bargain purchase	(102,508)
	516,037
Satisfied by:	
Cash	295,077
Issue of consideration shares	220,960
Total consideration transferred	516,037

The fair value of the 1,938,248,881 ordinary shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date.

The Group recognised a gain on bargain purchase of approximately HK$102,508,000 in the business combination. The business combination results in a gain on bargain purchase because, on the date of acquisition, the closing market price of the Company's ordinary shares decreased as compared to the issue price of the consideration shares which was determined at the time when the acquisition agreement was entered into.

Hong Kong Zhongzheng City Investment Limited contributed approximately HK$17,907,000 loss to the Group's profit for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2019, total Group revenue from continuing operations for the period would have been HK$102,476,000, and profit for the period would have been HK$39,853,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is intended to be a projection of future results.

15. DISCONTINUED OPERATIONS

Pursuant to an agreement dated 31 May 2019 entered into between a subsidiary of the Company, Access Sino Investments Limited and an independent third party, Access Sino Investments Limited disposed of 100% equity interest in Ample One Limited and its subsidiaries for a total cash consideration of HK$166,400,000 resulting in a loss on disposal of subsidiaries of approximately HK$7,362,000.

The loss for the period from the discontinued operations is analysed as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss of discontinued operations	**(7,219)**	(2,299)
Loss on disposal of discontinued operations	**(7,362)**	–
	(14,581)	(2,299)

The results of the discontinued operations for the period from 1 January 2019 to 31 May 2019, which have been included in consolidated profit or loss, are as follows:

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**7,004**	17,024
Cost of goods sold		**(3,078)**	(5,908)
Gross profit		**3,926**	11,116
Other income		**308**	2,176
Selling and distribution expenses		**(1,051)**	(4,426)
Administrative expenses		**(9,969)**	(10,706)
Finance costs		**(589)**	(550)
		(7,375)	(2,390)
Taxation	5	**156**	91
Loss for the period		**(7,219)**	(2,299)

The disposed subsidiaries were engaged in the trading of agricultural and fertilizers product business during the period. The disposal was completed on 31 May 2019 and the Group discontinued its trading of agricultural and fertilizers product business.

The net assets of the disposed subsidiaries at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	32,754
Intangible assets	64,319
Other assets	7,298
Inventories	5,993
Trade and other receivables	78,233
Cash and bank balances	1,018
Trade and other payables	(5,697)
Borrowings	(12,703)
Deferred taxation	(1,949)
Net assets disposed of:	169,266
Release of foreign currency translation reserve	6,908
Non-controlling interests	(2,412)
Loss on disposal of subsidiaries	(7,362)
Total consideration receivable	166,400

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Results for the year

Revenue of the Group for the six months ended 30 June 2019 amounted to approximately HK$102.5 million from continuing operations, which represented a decrease of approximately HK$17.7 million or 14.7% as compared to approximately HK$120.2 million in the corresponding period in 2018.

The consolidated profit of the Group for the six months ended 30 June 2019 amounted to approximately HK$40.8 million. This represented a decrease of approximately HK$51.0 million compared to the profit of approximately HK$91.8 million in the corresponding period in 2018.

The following is the review of the business of the Group for the six months ended 30 June 2019 and the outlook of the Group's business in the second half of 2019.

Land development projects

The Company entered into an acquisition agreement with Shenzhen Qianhai CITIC Securities City Development Management Co., Ltd. in September 2018 to acquire Hong Kong Zhongzheng City Investment Limited ("Zhongzheng City Investment"), which is principally engaged in primary land development projects in the PRC. The Company completed the acquisition on 21 January 2019, details of which were set out in the announcements of the Company dated 16 September 2018, 19 December 2018, 2 January 2019, 15 January 2019 and 21 January 2019 and the circular of the Company dated 21 December 2018.

There are several projects under Zhongzheng City Investment. The major project is located at Luanping County, Chengde, Hebei Province, the PRC (the "Luanping Project"). During the period under review, the operations of all the property development projects for Luanping County, including the Luanping Project, were suspended by local government due to ecological environment issues. Based on the latest communication with the local government, the Luanping Project is expected to be resumed for work before the end of 2019. As a result, the budget of the aggregate area of developed land to be sold is revised downward for 2019.

Money lending business

The segment revenue being interest income from the Group's money lending business for the six months ended 30 June 2019 was approximately HK$8.0 million (2018: HK$7.8 million). Depending on the nature and terms and conditions of each loan that was made, interest rate ranged from 10% per annum to 24% per annum. Total loan receivables as at 30 June 2019 was approximately HK$97.2 million (31 December 2018: HK$124.0 million). In view of the recent market sentiment, the Group does not expect further growth in its money lending business in 2019.

Coal mining business

During the period under review, there was no mining production at the Group's coal mine project in Central Kalimantan Province in the Republic of Indonesia ("PT Bara Mine"), no revenue was recognised from the coal mining business for the six months ended 30 June 2019.

No capital expenditure was incurred on mining infrastructure as there was no development activity during the six months ended 30 June 2019. Operating expenses related to the Group's mining business charged to the statement of profit or loss and other comprehensive income were mainly administrative expenses amounted to approximately HK$0.2 million for the six months ended 30 June 2019 (2018: HK$0.5 million).

The coal resource estimates as at 30 June 2019 were as follows:

	Coal Resource Estimate (in thousand tonnes)			
JORC category	**As at 30 June 2019**	As at 31 December 2018	**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
	26,339	26,339		

The Group has cooperated with PT Sinarjaya Mulia Kun, a party independent of the Company and its connected persons, to conduct mining activities at the PT Bara Mine. Although pre-mining construction works were completed in November 2018, the Group has been engaging in a prolonged negotiation process with the local landlord on the use of its access road and jetty (where coal is unloaded for shipment to the customers). During the period under review, the Group commenced the process of license renewal and it is expected to be completed by the end of 2019.

As no exploration and mining activity had been carried out during the six months ended 30 June 2019, there was no material change to the PT Bara Mine since the end of 2018 and the coal resources estimates as of 30 June 2019 were the same as those recorded as of 31 December 2018. No review of the coal resources was carried out during the six months ended 30 June 2019.

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 2019 by Greater China Appraisal Limited ("GCA") and a reversal of impairment losses of approximately HK$29.4 million was recognised for the year ended 31 December 2018 being the recoverable amount of the PT Bara Mine that exceeded its carrying amount as at 31 December 2018.

Manufacture and sale of healthcare and household products

Revenue of the healthcare and household business decreased to approximately HK$94.5 million for the six months ended 30 June 2019, which represented a decrease of approximately HK$17.9 million or 15.9% as compared to approximately HK$112.4 million recorded during the corresponding period in 2018. For the six months ended 30 June 2019, sales in France and Germany decreased by approximately HK$2.9 million and HK$4.5 million respectively, and sales in the United States of America (the "USA") increased by approximately HK$5.8 million. In addition to the organic growth in the USA, the growth was attributable to the launch of several new products during 2018 and sales increased gradually during 2019. Sales to the People's Republic of China (the "PRC") decreased by approximately HK$13.2 million mainly due to the stiff competition in the electric toothbrushes market in the PRC during the period under review. Sales in HK and other countries decreased by approximately HK$3.5 million mainly due to a customer had shifted the production of one of its existing product lines to us temporarily during 2018 and there was no such event during the period under review.

Gross profit margin for the segment increased from 17.7% for the six months ended 30 June 2018 to 28.8% for the period under review, this was mainly due to the increase in labour cost which was caused by labour shortage and tight production schedule requested by customers during 2018 and there was no such incident during the period under review. As the effect of increase in gross profit margin was partly offset by the decrease in revenue, gross profit increased to approximately HK$27.1 million in the period under review (2018: HK$19.9 million). Overall, the Group's healthcare and household business recorded a segmental profit of approximately HK$5.5 million as compared to a segmental loss of approximately HK$1.3 million in the corresponding period in 2018.

Since sales showed a decrease in the first half of 2019, the Group is cautious about the outlook of the global consumer market in the second half of 2019 as escalating trade war between the USA and the PRC shows no signs of easing. On the other hand, the Group will continue to improve productivity and operational efficiency to lower production costs.

Discontinued operations

Revenue of the organic agricultural and fertilizers business decreased by approximately HK$10.0 million, or 58.8%, from approximately HK$17.0 million for the six months ended 30 June 2018 to approximately HK$7.0 million for the period under review. The decrease was mainly due to the loss of its market share and disposal of business as mentioned below. Gross profit margin decreased from 65.3% in 2018 to 55.7%, which was mainly attributable to the increase in raw material cost. As a result of the foregoing, the gross profit decreased by approximately HK$7.2 million, or 64.9%, from approximately HK$11.1 million for the six months ended 30 June 2018 to approximately HK$3.9 million for the period under review. The segment recorded a loss of approximately HK$7.2 million for the period under review as compared to a loss of approximately HK$2.3 million for the corresponding period in 2018.

As disclosed in the Company's announcement dated 31 May 2019, Access Sino Investments Limited, a direct wholly-owned subsidiary of the Company (the "Vendor"), Joyful Treasure Enterprises Limited (the "Purchaser") and Mr. Wong Ching Ka (the "Guarantor") entered into an agreement, pursuant to which, among other things, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire issued share capital of Ample One Limited, an indirect wholly-owned subsidiary of the Company (the "Target"), at the consideration of HK$166,400,000 (the "Agreement"). The Guarantor has agreed to guarantee the performance of the obligations of the Purchaser subject to and upon the terms and conditions of the Agreement. Both the Purchaser and the Guarantor are third parties independent of the Company and its connected persons.

The Target is an investment holding company and its subsidiaries are principally engaged in the production and sale of organic agricultural and fertilizers products in the PRC. Upon the completion of the disposal in accordance with the terms and conditions of the Agreement, the Target will cease to be a subsidiary of the Company and the financial results of the Target together with its subsidiaries will no longer be consolidated into the financial statements of the Group. The Group will no longer be engaged in the organic agricultural and fertilizers business.

The Group recorded a loss of approximately HK$7.4 million from the above disposal.

Others

The Group recorded a profit of approximately HK$40.8 million as compared to a profit of approximately HK$91.8 million in the corresponding period in 2018 which was mainly due to the combined effect of the following reasons:

(a) The abovementioned reasons for the increase or decrease in profit or loss of different reportable segments;

(b) the net loss on fair value changes on investments at fair value through profit or loss of approximately HK$12.1 million (2018: HK$2.5 million). The increase was mainly caused the net loss on fair value changes of convertible bonds of approximately HK$11.8 million (2018: 2.9 million);

(c) finance costs of approximately HK$15.1 million (2018: HK$1.0 million). The increase was mainly caused by the finance costs of approximately HK$13.8 million (2018: Nil) incurred from the shareholder loan;

(d) during the period under review, the Group recognised a gain on bargain purchase of approximately HK$102.5 million in the acquisition of Zhongzheng City Investment. The gain on bargain purchase was mainly attributable to the decrease in the market price of the shares of the Company upon business combination. The gain on the bargain purchase was a one-off non-cash adjustment which has no impact on the Group's operating cash flow; and

(e) for the six months ended 30 June 2018, a gain on bargain purchase of approximately HK$111.7 million through profit or loss relating to the acquisition (the "Acquisition") of 35% equity interest in and the shareholders' loans to Pacific Memory Sdn Bhd ("Pacific Memory") was recognised. The gain was derived from the excess of the Company's share of the net fair value of Pacific Memory's identifiable assets and liabilities over the fair value of the consideration for acquiring the interest in Pacific Memory at the date of completion of the Acquisition. The gain on the bargain purchase was a one-off non-cash adjustment which has no impact on the Group's operating cash flow.

Update on the proposed commercial development at Port Dickson, Malaysia

The development plan of the first phase of proposed commercial development at Port Dickson, Malaysia was submitted to the relevant government agencies for approval and the part of the plan relating to the building of berths has already been approved. During the period under review, the road and drainage plan relating to the first phase, the traffic impact assessment report and temporary building structure of hoarding have been approved. On 1 August 2019, planning approval for the first phase was obtained. The local management of Pacific Memory is awaiting for other part of the development plan to be approved before deciding how to proceed with it. Based on the latest development plan, the first phase of the proposed development is estimated to be completed in around 2021 while the second phase of the proposed development is estimated to be completed in 2023.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 30 June 2019, the Group had cash and bank deposits of approximately HK$25.5 million (31 December 2018: approximately HK$18.3 million) with a foreign currency deposits denominated in Renminbi ("RMB") amounted to approximately HK$21.1 million (31 December 2018: HK$9.8 million).

Current ratio

As at 30 June 2019, the Group had net current assets of approximately HK$281.2 million (31 December 2018: HK$198.5 million) and current ratio (being current assets over current liabilities) of 3.20 (31 December 2018: 2.30).

Debts and borrowings

As at 30 June 2019, the Group had total debts and borrowings of approximately HK$289.5 million (31 December 2018: HK$17.7 million) which mainly comprised a shareholder loan of approximately HK$265.5 million, and unsecured loan from financial institutes and secured bank loan of approximately HK$13.7 million in total (31 December 2018: HK$16.7 million).

Gearing ratio

The Group's gearing ratio being total debt over total equity is 19.1% (31 December 2018: 1.4%).

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 2019, the Group had 33 employees (2018: 31) in Hong Kong, 828 employees (2018: 1,014) in the PRC and 1 employee (2018: 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.

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 2019. The unaudited interim financial statements for the six months ended 30 June 2019 were approved and authorized for issue by the Board of Directors on 23 August 2019.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: 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 2019.

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 2019.

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 2019 except for Provision A.4.1 which 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. Leung Chi Hung and Mr. Li Hon Kuen, being all the independent non-executive Directors. 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 2019 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 2019 interim report of the Company will be dispatched to the shareholders and made available on the above websites in September 2019.

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

Hong Kong, 23 August 2019

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Leung Chung Shan, Mr. Tam Lup Wai, Franky, Mr. Liu Liyang, and Mr. Chan Tat Ming, Thomas; and three independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Leung Chi Hung and Mr. Li Hon Kuen.