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ZHONGZHENG INTERNATIONAL COMPANY LIMITED
中 證 國 際 有 限 公 司

(formerly known as 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 2020

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Zhongzheng International Company Limited (the "Company") announces that the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2020 together with the unaudited comparative figures for the corresponding period in 2019 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue		**72,726**	94,472
Interest revenue		**2,489**	8,004
Total revenue	4	**75,215**	102,476
Cost of sales		**(52,484)**	(67,113)

		Six months ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Gross profit		**22,731**	35,363
Other income		**4,177**	393
Selling and distribution expenses		**(1,346)**	(1,358)
Administrative expenses		**(50,984)**	(37,255)
Loss from operations		**(25,422)**	(2,857)
Net loss on fair value changes on investments at fair value through profit or loss		**(351)**	(12,130)
Gain on bargain purchase	14	**42,765**	102,508
Loss on disposal of a subsidiary		**(170)**	–
Share of results of associates		**(24,919)**	(17,230)
Finance costs		**(10,282)**	(14,536)
(Loss)/profit before tax		**(18,379)**	55,755
Income tax expense	5	**–**	(404)
(Loss)/profit for the period from continuing operations		**(18,379)**	55,351
Discontinued operations			
Loss for the period from discontinued operation		**–**	(14,581)
(Loss)/profit for the period	6	**(18,379)**	40,770
(Loss)/profit for the period attributable to:			
Owners of the Company			
From continuing operations		**(13,993)**	55,844
From discontinued operations		**–**	(14,158)
		(13,993)	41,686
Non-controlling interests			
From continuing operations		**(4,386)**	(493)
From discontinued operations		**–**	(423)
		(4,386)	(916)
		(18,379)	40,770

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(18,379)**	40,770
Other comprehensive (expense)/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	**(3,533)**	1,596
Other comprehensive (expense)/income for the period, net of tax	**(3,533)**	8,504
Total comprehensive (expense)/income for the period	**(21,912)**	49,274
Total comprehensive (expense)/income for the period attributable to:		
Owners of the Company	**(17,526)**	50,190
Non-controlling interests	**(4,386)**	(916)
	(21,912)	49,274

	Note	Six months ended 30 June	
		2020	2019
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
(Loss)/earnings per share	8		
From continuing and discontinued operations			
Basic (cents per share)		**(0.13)**	0.40
Diluted (cents per share)		**N/A**	N/A
From continuing operations			
Basic (cents per share)		**(0.13)**	0.53
Diluted (cents per share)		**N/A**	N/A
From discontinued operations			
Basic (cents per share)		**–**	(0.13)
Diluted (cents per share)		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	**As at 30 June 2020** *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000* (Audited)
Non-current assets			
Exploration and evaluation assets		**142,000**	142,000
Property, plant and equipment	9	**59,962**	62,959
Right-of-use assets		**3,245**	6,691
Interests in associates	10	**1,143,965**	1,170,328
		1,349,172	1,381,978
Current assets			
Inventories		**24,239**	30,315
Properties under development for sale		**1,301,337**	–
Trade and other receivables	11	**246,245**	150,145
Investments at fair value through profit or loss		**–**	870
Loans and interests receivables	12	**59,458**	44,317
Amount due from an associate		**21,881**	49,750
Current tax assets		**935**	936
Bank and cash balances		**337,080**	166,852
		1,991,175	443,185
Current liabilities			
Trade and other payables	13	**(100,380)**	(92,383)
Promissory note		**(219,032)**	–
Amount due to an associate		**(232,721)**	–
Lease liabilities		**(2,847)**	(6,226)
Borrowings		**(667,381)**	(619)
Shareholders loans		**(306,304)**	(230,000)
Current tax liabilities		**(5,766)**	(5,798)
		(1,534,431)	(335,026)
Net current assets		**456,744**	108,159
Total assets less current liabilities		**1,805,916**	1,490,137

	As at 30 June 2020 *HK$'000* (Unaudited)	As at 31 December 2019 *HK$'000* (Audited)
Non-current liabilities		
Lease liabilities	**(584)**	(738)
Borrowings	**(299,449)**	(12,177)
Shareholder loan	**(18,668)**	(77,525)
Deferred tax liabilities	**(70,630)**	(11,519)
	(389,331)	(101,959)
NET ASSETS	**1,416,585**	1,388,178
Capital and reserves		
Share capital	**429**	429
Reserves	**1,369,776**	1,387,302
Equity attributable to owners of the Company	**1,370,205**	1,387,731
Non-controlling interests	**46,380**	447
TOTAL EQUITY	**1,416,585**	1,388,178

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. GENERAL INFORMATION

Zhongzheng International Company Limited (formerly known as eForce Holdings 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 2020 are manufacturing and trading of healthcare and household products, money lending business, coal mining business, property development and primary land development.

Upon the disposal of the Group's wholly-owned subsidiary Ample One Limited in 2019, 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 2019 ("2019 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 2019 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 ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. 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.

4. REVENUE AND SEGMENT INFORMATION

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

	Property development	Primary land development	Money lending business	Coal mining business	Healthcare and household business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period ended 30 June 2020: (Unaudited)						
Revenue	**–**	**–**	**2,489**	**–**	**72,726**	**75,215**
Segment (loss)/profit	**(12,451)**	**(2,839)**	**2,439**	**(1,420)**	**2,023**	**(12,248)**
As at 30 June 2020: (Unaudited)						
Segment assets	**1,491,795**	**552,492**	**39,037**	**140,714**	**138,343**	**2,362,381**
Segment liabilities	**993,114**	**270,030**	**–**	**–**	**106,028**	**1,369,172**
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 31 December 2019: (Audited)						
Segment assets	–	607,048	44,245	141,144	154,694	947,131
Segment liabilities	–	10,105	–	–	86,579	96,684

The operation of trading of agricultural and fertilizers product in Liaoning and Nanjing was discontinued in 2019. The segment information reported does not include any amounts for the discontinued operation.

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit or loss:		
Total (loss)/profit of reportable segments	**(12,248)**	11,941
Net loss on fair value changes on investments at fair value through profit or loss	**(351)**	(12,130)
Gain on bargain purchase	**42,765**	102,508
Share of results of associates	**(24,919)**	(17,230)
Corporate and unallocated profit or loss	**(23,626)**	(29,334)
Consolidated (loss)/profit before tax for the period	**(18,379)**	55,755

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Trading of agricultural and fertilizers products	**–**	7,004
Healthcare and household business	**72,726**	94,472
Revenue from contracts with customers	**72,726**	101,476
Interest income from money lending business	**2,489**	8,004
	75,215	109,480
Representing		
Continuing operations	**75,215**	102,476
Discontinued operations	**–**	7,004
	75,215	109,480

Disaggregation of revenue from contracts with customers

Segment	Six months ended 30 June 2020 Revenue for the period from discontinued operations *HK$'000* (Unaudited)	Six months ended 30 June 2020 Healthcare and household business *HK$'000* (Unaudited)	Six months ended 30 June 2019 Revenue for the period from discontinued operations *HK$'000* (Unaudited)	Six months ended 30 June 2019 Healthcare and household business *HK$'000* (Unaudited)
United States of America	–	**52,692**	–	47,986
The People's Republic of China (the "PRC")	–	**6,926**	7,004	17,916
Germany	–	**7,063**	–	7,279
France	–	**345**	–	1,989
United Kingdom	–	**1,492**	–	3,537
Hong Kong and others	–	**4,208**	–	15,765
	–	**72,726**	7,004	94,472

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

5. INCOME TAX EXPENSE

	Six months ended 30 June **2020** ***HK$'000*** **(Unaudited)**	 2019 *HK$'000* (Unaudited)
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**–**	404
Deferred tax	**–**	(156)
	–	248
Representing		
Continuing operations	**–**	404
Discontinued operations	**–**	(156)
	–	248

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 2019: 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. (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	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net loss on fair value changes on investments at fair value through profit or loss	**(351)**	(12,130)
Gain on bargain purchase	**42,765**	102,508
Loss on disposal of a subsidiary	**(170)**	(7,362)
Directors' emoluments	**(4,931)**	(4,336)

7. INTERIM DIVIDEND

The board does not recommend any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

From continuing and discontinued operations

The calculation of basic (loss)/earnings 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$13,993,000 (six months ended 30 June 2019: profit of approximately HK$41,686,000) and the weighted average number of ordinary shares of 10,721,666,832 (six months ended 30 June 2019: 10,507,495,685) ordinary shares in issue during the period.

From continuing operations

The calculation of basic (loss)/earnings per share from continuing operations attributable to owners of the Company is based on the loss for the period from continuing operations attributable to owners of the Company of approximately HK$13,993,000 (six months ended 30 June 2019: profit of HK$55,844,000) and the denominator used is the same as that detailed above for basic (loss)/earnings per share.

From discontinued operations

The calculation of basic loss per share from discontinued operations attributable to owners of the Company for the six months ended 30 June 2019 is based on the loss for the period from discontinued operations attributable to owners of the Company of HK$14,158,000 and the weighted average number of ordinary shares of 10,507,495,685 ordinary shares in issue during the period.

Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during the six months ended 30 June 2020 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, property, plant and equipment of approximately HK$536,000 was acquired by the Group (six months ended 30 June 2019: approximately HK$1,108,000).

10. INTERESTS IN ASSOCIATES

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Share of net assets plus goodwill	**1,143,965**	1,170,328

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 2020	31 December 2019		**30 June 2020**	31 December 2019
					(Unaudited)	(Audited)
					HK$'000	*HK$'000*
Chengde CITIC Securities Jinyu Investment Development Co., Ltd.	The PRC	**42.5%**	42.5%	Primary land development	**552,266**	556,778
Pacific Memory Sdn Bhd	Malaysia	**35.0%**	35.0%	Property development	**591,699**	613,550
					1,143,965	1,170,328

11. TRADE AND OTHER RECEIVABLES

The trade and other receivable included trade receivables of approximately HK$42,316,000 as at 30 June 2020. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**17,538**	14,162
31 to 90 days	**10,462**	17,353
91 to 180 days	**13,819**	8,191
Over 180 days	**497**	–
	42,316	39,706

12. LOANS AND INTERESTS RECEIVABLES

The loans and interests receivables included loan receivables of approximately HK$53,295,000 as at 30 June 2020. 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 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 6 months	**40,795**	31,492
7 to 12 months	**12,500**	9,500
	53,295	40,992

13. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables and bills payables of approximately HK$24,260,000 as at 30 June 2020. The aging analysis of the trade payables and bills payables, based on the date of receipt of goods, is as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**6,051**	5,827
31 to 90 days	**11,939**	10,477
91 to 180 days	**5,079**	5,468
Over 180 days	**1,191**	948
	24,260	22,720

14. ACQUISITION OF A SUBSIDIARY

On 19 March 2020, the Group acquired 100% of the issued share capital of Shenzhen Qianhai CITIC Huateng Industrial Co., Ltd and Dongguan Hexin Real Estate Development Co., Ltd; and 51% of the issued share capital of Nanjing Yuanding Real Estate Co., Ltd (the "Target Companies") at a total consideration of approximately HK$219,032,000 (RMB200,000,000) which is satisfied by the issuance of an interest-free promissory note with a term of six months and shall be subsequently settled by cash when it falls due. The Target Companies were engaged in property development in the PRC during the period.

The fair value of the identifiable assets and liabilities of the Target Companies acquired as at its date of acquisition is as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	604
Properties under development for sale	1,221,612
Trade and other payables	(114,792)
Deferred tax liabilities	(59,315)
Cash and bank balances	27,843
Trade and other receivables	140,191
Current tax liabilities	(53)
Borrowings	(903,974)
	312,116
Non-controlling interest	(50,319)
Gain on bargain purchase	(42,765)
Consideration satisfied by issuance of promissory note	219,032
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	27,843

The Group recognised a gain on bargain purchase of approximately HK$42,765,000 in the business combination. The business combination results in a gain on bargain purchase because of the appreciation of the property development projects as at the date of acquisition.

The Target Companies contributed approximately HK$12,451,000 loss to the Group's results for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2020, total revenue of the Group from continuing operations for the period would have been HK$75,215,000, and loss for the period would have been HK$26,843,000. 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 2020, nor is intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company has formally changed its name to Zhongzheng International Company Limited. The new Company name can better reflect the current status of the Company and its direction of the future business development.

BUSINESS REVIEW AND OUTLOOK

Results for the period

Revenue of the Group for the six months ended 30 June 2020 amounted to approximately HK$75,215,000 from continuing operations, which represented a decrease of approximately HK$27,261,000 or 26.6% as compared to approximately HK$102,476,000 in the corresponding period in 2019.

The consolidated loss of the Group for the six months ended 30 June 2020 amounted to approximately HK$18,379,000 as compared to the profit of approximately HK$40,770,000 in the corresponding period in 2019.

The following is the review of the business of the Group for the six months ended 30 June 2020 and the outlook of the Group's business in the second half of 2020.

Land and property development projects

Primary land development

The primary land development project is located at Luanping County, Chengde, Hebei Province, the PRC (the "Luanping Project"). Luanping County is located at the north-eastern part of the Hebei Province, the south-west of Chengde city. Luanping County is 165 kilometers and 275 kilometers away from the downtown of Beijing and Tianjin respectively and it is the "North Gate" of the capital. Luanping County has an excellent ecological environment and it is the "Water Source Conservation Functional Zone" and "Ecological Environment Supporting Zone", which are defined by the state. The forest coverage rate is more than 60%, which is very suitable for residence, leisure and vacation. It is the prime location choice of tourists from Beijing-Tianjin area for weekend vacation and travel. The famous tourist spots include Jinshanling Great Wall and Baicaowa National Forest Park.

Chengde CITIC Securities Urban and Rural Development Co., Ltd.* (承德中證城鄉開發有限公司) ("CITIC Development") is the project company of the Luanping Project. The Company has 90% interest in CITIC Development through holding an associate called Chengde CITIC Securities Jinyu Investment Development Co., Ltd.* (承德中證金域投資開發有限公司).CITIC Development is responsible for the planning and budget and manage the operation of the Luanping Project. By way of finance, CITIC Development provides resettlement compensation to local residents for land collection, construction of supporting roads, water supply, power supply, gas supply and other public infrastructure. The cost of development is borne by CITIC Development. When the land has been developed to a saleable state, the government authority is obligated to conduct land auctions. Certain portion of the proceeds from land auction is allocated by government authority to CITIC Development in the form of fixed and floating income. The first phase of the Luanping Project is expected to cover an estimated development land area of approximately 12,000 mu.

After the ecological environment issue that occurred in 2019 is resolved, the government authority plans to resume the land auctions in 2020. However, due to the Covid-19 epidemic, the sale of land was again severely affected and delayed. As per the latest plan of the project company, the government expects to launch 627 mu (or 418,000 square meters) of land for auction in the second half of 2020. A piece of land with area of 56 mu was sold on 24 June 2020. During July 2020, two pieces of land with area of 58,540 square meters and 45,450 square meters (approximately 156 mu in aggregate) were launched for auction by local government.

For infrastructure construction progress, National highway G101 has been completed by over 80%. The provincial highway S308 has been gradually completed for inspection. The completion of such highways will significantly improve the image of this area. Qin Chun New Residence, Bakshiying Town, Luanping County* (灤平縣巴克什營鎮"沁春新居") is the first resettlement community of the Luanping Project. The New Residence is expected to be completed by the fourth quarter this year.

With the delay in land auction for the Luanping Project during the first half of the year, the share of loss of associates for the Company amounted to HK$24,919,000, which increased by approximately 44.6% from HK$17,230,000 in the same period last year. The loss of associates mainly comprised of the operating expenses and interest from the Luanping Project.

Property development

In July 2019, the Company entered into an acquisition agreement with Shenzhen Qianhai CITIC Securities City Development Management Co., Limited* (深圳市前海中證城市發展管理有限公司) to acquire Shenzhen Qianhai CITIC Huateng Industrial Co., Ltd.* (深圳市前海中證華騰實業有限公司) ("Qianhai Huateng"). The acquisition includes two property projects: the project in Nancheng District, Dongguan City, Guangdong Province (the "Dongguan Project"), and the project in Liuhe District, Nanjing City, Jiangsu Province (the "Nanjing Project"). The Company completed the acquisition on 19 March 2020.

The name of the Dongguan Project is CITIC·Cloud Courtyard* (中證·雲庭), which is located at the Nancheng District, Dongguan City. It is the area with the most mature supporting facilities and scarce housing supply in Dongguan City. The project consists of two 25-storey buildings with both residential and commercial elements. According to the latest construction plan, the gross floor area for residential portion and commercial portion are 23,410 square meters and 4,897 square meters respectively. The two underground floors will be parking area. Pre-sale is targeted to be commenced in around early October 2020 and the construction is expected to be completed in around June 2022.

For the Dongguan Project, during the period under review, the project progress can be summarised as follows:

– The construction progress has been completed to the fifth floor for the west tower and first floor for the east tower;

– The sales center and showrooms are well decorated and open to the public;

– Completion of the blueprint enhancement for elevators, water and gas supply; and

– Completion of the preliminary project budget planning.

The name of the Nanjing Project is Spring Breeze* ("泉悅春風"), which is located at Naishan ecological scenic area, Long Pao New City, Jiangbei New Area, Nanjing. The project features a high-end hot spring hotel and low-density Chinese-style courtyard community. The total development area of the project is about 240,000 square meters. It includes development for three phases of low-density residential elements – villas and courtyard. There is also a Banyan Tree hotel development for the project since it is a tourist spot famous for its hot spring. The gross floor area of the whole project is about 292,000 square meters. The first four batches of 249 units are expected to obtain pre-sale approval license during the second half of 2020. The first phase is targeted to deliver villa courtyard to customers by the end of 2021 and the second and third phase of villa courtyard to customers by the end of 2023. On 10 July 2020, within the red line of the project, a hot spring well with a well depth of 3,303.66 meters successfully produced water, and the outlet temperature of the well reached 70 degrees celsius. It was identified by the government as the deepest high-quality hot spring in Nanjing.

For the Nanjing Project, during the period under review, the project progress can be summarised as follows:

– The attainment of pre-sale approval license for 122 units;

– The commencement of internal sales and selling activities;

– Completion of the construction of showrooms, selling center and landscape core area;

– Completion of the drilling of hot spring well with depth of approximately 3,300 meters; and

– Resolved for the issues of woodland boundary, utilities facilities and regional farm road.

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 has already been submitted to the relevant government agencies for approval and the part of the plan that related to the building of berths has already been approved. The local management are 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. A hotel of approximately 300 guests rooms with 10% suites and approximately 4,000 square meters of meeting space is planned to be developed and managed by Hard Rock Hotel for a term of 20 years. The temporary building layout plan for the first phase includes open parking, sales gallery, hotel (as mentioned), show unit, retails, event space, glamping site and outdoor garden. Due to the Covid-19 epidemic, the development of the project has been affected and no significant progress has been made during the period under review.

Money lending business

The segment revenue being interest income from the Group's money lending business for the six months ended 30 June 2020 was approximately HK$2,489,000 (2019: HK$8,004,000). Depending on the nature and terms and conditions of each loan that was made, interest rate ranged from 7% per annum to 24% per annum. Total loan receivables as at 30 June 2020 was approximately HK$33,295,000 (31 December 2019: HK$40,992,000) after reviewing the risk of default of individual borrowers and making an impairment allowance of HK$3,000,000. (31 December 2019: HK$3,000,000). In view of the recent market sentiment, the Group does not expect further growth in its money lending business in 2020.

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 2020.

No capital expenditure was incurred on mining infrastructure as there was no development activity during the six months ended 30 June 2020. 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$1,420,000 for the six months ended 30 June 2020 (2019: HK$204,000). The significant increase in expenses during the period under review was caused by the incurrence of license and report fees for the renewal of exploration and exploitation rights. During the period under review, the rights have been renewed for 10 years up to December 2029.

The coal resource estimates as at 30 June 2020 were as follows:

	Coal Resource Estimate *(in thousand tonnes)*			
JORC Category	**As at 30 June 2020**	As at 31 December 2019	**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		

As no exploration and mining activity had been carried out during the six months ended 30 June 2020, there was no material change to the PT Bara Mine since the end of 2019 and the coal resources estimates as at 30 June 2020 were the same as those recorded as at 31 December 2019. No review of the coal resources was carried out during the six months ended 30 June 2020.

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 2020 by Fairdex Valuation Advisory Limited and an impairment loss of approximately HK$86,690,000 was recognised for the year ended 31 December 2019 being the recoverable amount of the PT Bara Mine less than its carrying amount as at 31 December 2019.

Manufacture and sale of healthcare and household products

Revenue of the healthcare and household business decreased to approximately HK$72,726,000 for the six months ended 30 June 2020, which represented a decrease of approximately HK$21,746,000 or 23.0% as compared to approximately HK$94,472,000 recorded during the corresponding period in 2019. For the six months ended 30 June 2020, sales in France and Germany decreased by approximately HK$1,644,000 and HK$216,000 respectively, and sales in the United States of America (the "USA") increased by approximately HK$4,706,000. In addition to the organic growth in the USA, the growth was attributable to the launch of several new products. Sales to the PRC decreased by approximately HK$10,990,000 mainly due to the stiff competition in the electric toothbrushes market in the PRC and the impact of Covid-19 epidemic during the period under review. Sales to other countries decreased by approximately HK$13,602,000 mainly due to the impact of Covid-19 epidemic.

Gross profit margin for the segment decreased slightly from 28.8% for the six months ended 30 June 2019 to 27.8% for the period under review, which was mainly due to the increase in labour cost caused by labour shortage and tight production schedule requested by customers during the period under review. Consistent with the decrease in revenue, gross profit decreased to approximately HK$20,242,000 in the period under review (2019: HK$27,359,000). Overall, the Group's healthcare and household business recorded a segmental profit of approximately HK$2,023,000 for the six months ended 30 June 2020 as compared to a segmental profit of approximately HK$5,464,000 in the corresponding period in 2019.

Since sales showed a decrease in the first half of 2020, the Group is cautious about the outlook of the global consumer market in the second half of 2020 as escalating trade war between the USA and the PRC shows no signs of easing. Also, the impact of Covid-19 epidemic seems to continue in the foreseeable future. On the other hand, the Group will continue to improve productivity and operational efficiency to lower production costs.

Others

The Group recorded a loss of approximately HK$18,379,000 for the six months ended 30 June 2020 as compared to a profit of approximately HK$40,770,000 in the corresponding period in 2019 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 administrative expenses of approximately HK$50,984,000 (2019: HK$37,255,000). The increase was mainly caused by the acquisition of subsidiaries engaging in property development in the PRC during the period under review. With the increase in the number of operating subsidiaries, administrative expenses increased accordingly. The administrative expenses for land and property development projects segment increased by HK$12,970,000 to approximately HK$14,797,000 during the period under review (2019: HK$1,827,000);

(c) during the period under review, the Group recognised a gain on bargain purchase of approximately HK$42,765,000 in the acquisition of Qianhai Huateng. The gain on bargain purchase was caused by the amount of consideration paid lower than the fair value of the net assets acquired as at the date of completion. 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

(d) for the six months ended 30 June 2019, the Group recognised a gain on bargain purchase of approximately HK$102,508,000 in the acquisition of Hong Kong Zhongzheng City Investment Limited. 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.

PROSPECT

Since the PRC has effectively controlled the outbreak of the Coronavirus outbreak, the GDP of the PRC returns to positive growth during the first half of 2020. At the same time, as the PRC Central Government has implemented more policies to stimulate consumption, it is expected the business environment of the PRC will continue to improve in the second half of 2020. From the second half of 2020, the primary land development and property development projects of the Group will reverse the stagnant status in the first half. Since the government has commenced the land auction, CITIC Development will recover part of the development costs from the proceeds from the government land auction. The Dongguan Project and the Nanjing Project will also commence sale in the second half of the year, which will contribute revenue to the Group.

The Group remains cautious about the export and sale of healthcare and household products. In addition to the improvement of production capacity and efficiency, the Group will be determined to develop new products to capture market share.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 30 June 2020, the Group had cash and bank deposits of approximately HK$337,080,000 (31 December 2019: HK$166,852,000) with a foreign currency deposits denominated in Renminbi amounted to approximately HK$332,415,000 (31 December 2019: HK$5,731,000).

Current ratio

As at 30 June 2020, the Group had net current assets of approximately HK$456,744,000 (31 December 2019: HK$108,159,000) and current ratio (being current assets over current liabilities) of 1.30 (31 December 2019: 1.32).

Debts and borrowings

As at 30 June 2020, the Group had total debts and borrowings of approximately HK$1,291,802,000 (31 December 2019: HK$320,321,000) which mainly comprised of shareholder loan, unsecured loan from financial institutes and secured bank loan.

Gearing ratio

The Group's gearing ratio being total debt over total equity is 94.3% (31 December 2019: 23.1%).

Exposure to fluctuation in exchange rates, interest rates and related hedges

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in 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 2020, the Group had 30 employees (2019: 33) in Hong Kong, 813 employees (2019: 828) in the PRC and 1 employee (2019: 1) 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.

Important Events After the End of the Financial Period

The English name of the Company has been changed from "eForce Holdings Limited" to "Zhongzheng International Company Limited" and the Chinese name "中證國際有限公司" has been adopted and registered as the secondary name of the Company to replace its existing Chinese name "意科控股有限公司" which was adopted then for identification purpose only, with effect from 2 July 2020.

Save as disclosed above, there are no important events affecting the Group which have occurred after the end of the financial period for the six months ended 30 June 2020 and up to the date of this announcement.

Future plans for material investments or capital assets

Save as disclosed in the section headed "Prospects" in this announcement, there were no other future plans for material investments or acquisition of capital assets as at 30 June 2020.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Company (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 2020. The unaudited interim financial statements for the six months ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 21 August 2020.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: 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 2020.

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 2020.

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 2020, with the exception for Provision A.4.1 which provides that non-executive Directors should be appointed for a specific term and subject to re-election. None of the independent non-executive Directors of the Company is appointed for a specific term but all 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, 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, all being 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 2020 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 website of the Company will be changed to http://www.zhongzheng.com.hk with effect from 24 August 2020. The 2020 interim report of the Company will be dispatched to the shareholders and made available on the above websites in September 2020.

By order of the Board
Zhongzheng International Company Limited
Liu Liyang
Executive Director

Hong Kong, 21 August 2020

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Leung Chung Shan, Mr. Tam Lup Wai, Franky, Mr. Liu Liyang, Mr. Zhang Youjun and Mr. Qiu Qing; one non-executive Director, namely Mr. Lim Kim Chai, J.P.; and three independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Leung Chi Hung and Mr. Li Hon Kuen.

* *For identification purpose only*