



意科控股

# eFORCE HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(STOCK CODE : 943)

INTERIM REPORT 2011

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**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the six months ended 30 June 2011

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2011</b>	<b>2010</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Turnover</b>		<b>57,178</b>	57,113
Cost of sales		<b>(50,623)</b>	(46,897)
<b>Gross profit</b>		<b>6,555</b>	10,216
Other income		<b>1,027</b>	837
Distribution costs		<b>(1,310)</b>	(1,381)
Administrative expenses		<b>(25,731)</b>	(27,122)
<b>Loss from operations</b>		<b>(19,459)</b>	(17,450)
Finance costs		<b>(885)</b>	(861)
<b>Loss before tax</b>		<b>(20,344)</b>	(18,311)
Income tax expense	5	<b>(109)</b>	–
<b>Loss for the period attributable to owners of the Company</b>	6	<b>(20,453)</b>	(18,311)
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>	8		
Basic		<b>(0.55)</b>	(0.56)
Diluted		<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2011*

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Loss for the period attributable to owners of the Company</b>	<b>(20,453)</b>	(18,311)
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	(583)	513
<b>Other comprehensive income for the period, net of tax</b>	<b>(583)</b>	513
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(21,036)</b>	(17,798)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 June 2011

	<i>Note</i>	<b>30 June 2011 HK\$'000 (unaudited)</b>	31 December 2010 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		45,117	44,763
Investment in a jointly controlled entity		(40)	(40)
		<u>45,077</u>	<u>44,723</u>
<b>Current assets</b>			
Inventories		23,736	18,106
Trade receivables	10	22,865	29,243
Prepayments, deposits and other receivables		20,770	16,982
Pledged bank deposits		1,500	1,500
Bank and cash balances		158,087	114,439
		<u>226,958</u>	<u>180,270</u>
<b>Current liabilities</b>			
Trade payables	11	(31,198)	(29,725)
Accruals and other payables		(38,279)	(36,050)
Borrowings		(18,125)	(22,837)
Unsecured other loans		(6,500)	(6,500)
Current tax liabilities		(4,434)	(4,434)
		<u>(98,536)</u>	<u>(99,546)</u>
<b>Net current assets</b>		<u>128,422</u>	<u>80,724</u>
<b>Total assets less current liabilities</b>		<u>173,499</u>	<u>125,447</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		(2,876)	(2,876)
<b>NET ASSETS</b>		<u><u>170,623</u></u>	<u><u>122,571</u></u>
<b>Capital and reserves</b>			
Share capital	13	228,596	174,746
Reserves		(57,973)	(52,175)
<b>TOTAL EQUITY</b>		<u><u>170,623</u></u>	<u><u>122,571</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2011 – (Unaudited)*

	Share Capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Warrant reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2010	158,896	1,510,456	(5,211)	24,226	6,082	(1,594,335)	100,114
Total comprehensive income for the period	–	–	513	–	–	(18,311)	(17,798)
Issue of shares on placement	15,850	31,265	–	–	–	–	47,115
Change in equity for the period	15,850	31,265	513	–	–	(18,311)	29,317
At 30 June 2010	<u>174,746</u>	<u>1,541,721</u>	<u>(4,698)</u>	<u>24,226</u>	<u>6,082</u>	<u>(1,612,646)</u>	<u>129,431</u>
At 1 January 2011	174,746	1,541,721	(4,083)	24,226	8,628	(1,622,667)	122,571
Total comprehensive income for the period	–	–	(583)	–	–	(20,453)	(21,036)
Issue of shares on placement	53,850	15,238	–	–	–	–	69,088
Change in equity for the period	53,850	15,238	(583)	–	–	(20,453)	48,052
At 30 June 2011	<u>228,596</u>	<u>1,556,959</u>	<u>(4,666)</u>	<u>24,226</u>	<u>8,628</u>	<u>(1,643,120)</u>	<u>170,623</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(15,486)</b>	<b>(20,757)</b>
Purchases of property plant and equipment	(4,397)	(1,903)
Other investing cash flows (net)	470	152
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,927)</b>	<b>(1,751)</b>
Inception of bank loans	30,656	16,030
Repayment of bank loans	(35,647)	(10,801)
Proceeds from issue of shares	69,088	47,115
Finance costs paid	(732)	(712)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>63,365</b>	<b>51,632</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>43,952</b>	<b>29,124</b>
Effect of foreign exchange rate changes	(304)	635
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>114,439</b>	<b>105,892</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>158,087</b>	<b>135,651</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	158,087	135,651

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

*For the six months ended 30 June 2011*

## 1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed financial statements should be read in conjunction with the 2010 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2010.

These condensed financial statements were unaudited but have been reviewed by the Company’s Audit Committee.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS***For the six months ended 30 June 2011***3. SEGMENT INFORMATION**

The Group is wholly engaged in the manufacture and sales of healthcare and household products. Accordingly, there is only one single reportable segment of the Group. The accounting policies of the operating segments are consistent with those used in the annual financial statements for the year ended 31 December 2010.

The following is the turnover of the Group by geographical location of customers:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Turnover</b>		
North America	<b>5,064</b>	13,800
Europe	<b>31,855</b>	27,706
The People's Republic of China (the "PRC")	<b>14,121</b>	6,699
Hong Kong and others	<b>6,138</b>	8,908
	<b>57,178</b>	57,113

The following is the non-current assets of the Group based on the geographical location of the assets:

	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
<b>Non-current assets</b>		
The PRC	<b>43,707</b>	42,925
Hong Kong and others	<b>1,370</b>	1,798
	<b>45,077</b>	44,723

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

For the six months ended 30 June 2011

**4. FINANCE COSTS**

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest on bank loans	<b>608</b>	424
Interest on other loans wholly repayable within five years	<b>277</b>	437
	<b>885</b>	861

**5. INCOME TAX EXPENSE**

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2010: HK\$Nil).

Tax charge on profits assessable elsewhere has 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. No provision was made for the subsidiaries in the PRC as these subsidiaries incurred tax losses during the period. The amount provided for the six months ended 30 June 2011 represented the under-provision of tax in previous year.

No deferred tax assets in respect of the accumulated losses has been recognized as it is not probable that future profits will be available against which the asset can be utilized.

**6. LOSS FOR THE PERIOD**

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

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest income	<b>(129)</b>	(71)
Depreciation	<b>3,990</b>	2,450
Directors' remuneration	<b>2,280</b>	826
Gain on disposal of property, plant and equipment	<b>(288)</b>	(44)

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS***For the six months ended 30 June 2011***7. DIVIDEND**

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2011 (2010: HK\$Nil).

**8. LOSS PER SHARE**

The calculation of basic loss per share is based on the following:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<hr/>		
<b>Earnings</b>		
Loss for the period attributable to equity owners of the Company	<u><u>(20,453)</u></u>	<u><u>(18,311)</u></u>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period	<u><u>3,735,203,032</u></u>	<u><u>3,286,512,424</u></u>
<hr/>		

No diluted loss per share is presented, as the inclusion of the effects of all potential dilutive ordinary shares would have an anti-dilutive effect on the basic loss per share for both the current and prior periods.

**9. PROPERTY PLANT AND EQUIPMENT**

During the period under review the Group acquired property plant and equipment of approximately HK\$4,397,000 (six months ended 30 June 2010: HK\$1,903,000).

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS***For the six months ended 30 June 2011***10. TRADE RECEIVABLES**

The Group normally allows credit terms to customers ranging from 30 to 45 days. The Group seeks to maintain strict control over its outstanding receivables and reviews overdue balances on a regular basis.

The ageing analysis of trade and bills receivables as at the end of each reporting period, based on the invoice date, and net of allowances, is as follows:

	<b>30 June 2011</b>	31 December 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
0 – 30 days	<b>13,198</b>	12,659
31 – 90 days	<b>8,802</b>	14,638
91 – 180 days	–	1,709
181 – 365 days	<b>652</b>	28
Over 365 days	<b>213</b>	209
	<b>22,865</b>	29,243

**11. TRADE PAYABLES**

The ageing analysis of trade and bills payables as at the end of each reporting period, based on the date of receipt of goods purchased is as follows:

	<b>30 June 2011</b>	31 December 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
0 – 30 days	<b>10,994</b>	12,354
31 – 90 days	<b>11,591</b>	13,457
91 – 180 days	<b>5,070</b>	2,083
Over 180 days	<b>3,543</b>	1,831
	<b>31,198</b>	29,725

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

For the six months ended 30 June 2011

**12. UNSECURED OTHER LOANS**

On 1 February 2000, pursuant to a placing and underwriting agreement dated 16 December 1999 entered into between the Company and independent placing agents, 4% convertible notes with an aggregate principal amount of HK\$9 million were issued (the "Notes"). The Notes were convertible to ordinary shares of HK\$0.05 each of the Company at any time between 1 April 2000 and 27 January 2002 and Notes of HK\$2.5 million were converted during 2000.

Prior to maturity, holders of the remaining Notes of HK\$6.5 million had not exercised the conversion right and the directors of the Company consider that the conversion right attaching to the Notes had lapsed. The Notes should be regarded as unsecured other loans and the outstanding balances together with accrued interest of approximately HK\$9.0 million are due for repayment. As at the date of authorization for issue of this interim financial report the creditors have not yet requested the Company to repay the loans.

**13. SHARE CAPITAL**

	<b>30 June 2011 HK\$'000 (unaudited)</b>	31 December 2010 HK\$'000 (audited)
Authorized:		
6,000,000,000 ordinary shares of HK\$0.05 each	<b>300,000</b>	300,000
Issued and fully paid:		
4,571,926,789 (At 31 December 2010: 3,494,926,789) ordinary shares of HK\$0.05 each	<b>228,596</b>	174,746

The movements in the issued capital of the Company during the six months ended 30 June 2011 were as follows:

	<b>No. of shares issued</b>	<b>Amount HK\$'000 (unaudited)</b>
At 1 January 2011	<b>3,494,926,789</b>	<b>174,746</b>
Shares issued ( <i>Note 1</i> )	<b>317,000,000</b>	<b>15,850</b>
Shares Issued ( <i>Note 2</i> )	<b>760,000,000</b>	<b>38,000</b>
At 30 June 2011	<b>4,571,926,789</b>	<b>228,596</b>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS***For the six months ended 30 June 2011***13. SHARE CAPITAL (Continued)**

*Note 1:* In February 2011, the Company completed a top-up placing and issued a total of 317,000,000 ordinary shares of HK\$0.05 each at the placing prices of HK\$0.106 per share.

*Note 2:* In June 2011, the Company completed a placing and issued a total of 760,000,000 shares of HK\$0.05 each at the placing prices of HK\$0.05 per share.

**14. RELATED PARTY TRANSACTIONS**

Apart from those related party transactions and balances disclosed elsewhere in the condensed financial statements the Group had no other transactions with its related parties during the period.

**15. CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities at 30 June 2011 (At 31 December 2010: HK\$Nil).

**16. COMMITMENTS**

	<b>30 June 2011</b>	31 December 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Contracted but not provided for:		
Quality guarantee deposit	<b>17,500</b>	17,500
Interest-free loan to a jointly controlled entity	<b>4,000</b>	4,000
	<b>21,500</b>	21,500

**17. EVENTS AFTER THE REPORTING PERIOD**

On 13 July 2011, the Company had completed a very substantial acquisition (“Very Substantial Acquisition”) of Fastport Investments Holdings Limited (“Fastport”) that indirectly holds a mining concession right over the PT Bara coal mine, located near the town of Ampah in Indonesia. The consideration of HK\$500 million was satisfied by the Company issuing two series of convertible bonds in favor of the vendor. The PT Bara coal mine covers an area of approximately 4,093 hectares. The total estimated coal resources of the project is 26.3 million tonnes. The Very Substantial Acquisition was approved by the shareholders of the Company in a special general meeting held on 5 July 2011. For further details, please refer to the Company’s circular and announcements dated 16 June 2011, 5 July 2011 and 14 July 2011 respectively.

**18. APPROVAL OF FINANCIAL STATEMENTS**

The unaudited interim financial statements were approved and authorized for issue by the Board of Directors on 26 August 2011.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The turnover of the Group for the six months ended 30 June 2011 was HK\$57 million (six months ended 30 June 2010: HK\$57 million) and has no significant difference as compared to the corresponding period last year. However, demand for consumer products in different geographical markets were actually mixed. Sales to Europe increased by HK\$4 million (or 15% compared to the corresponding period last year) to HK\$32 million (six months ended 30 June 2010: HK\$28 million) mainly due to increase in promotional orders. Sales to North America decreased by HK\$9 million (or 64% compared to the corresponding period last year) to HK\$5 million (six months ended 30 June 2010: HK\$14 million) mainly due to weak demand. Sales to customers in PRC increased by HK\$7 million (or 100% compared to the corresponding period last year) to HK\$14 million (six months ended 30 June 2010: HK\$7 million) mainly due to increase orders from a well-known consumer product brand.

Gross profit margin decreased to 11% (six months ended 30 June 2010: 18%) and gross profit decreased by HK\$3.6 million to HK\$6.6 million (six months ended 30 June 2010: HK\$10.2 million) mainly due to the increase in labor cost and raw material cost. The monthly minimum wages in Guangdong Province PRC was raised from RMB920 to RMB 1,100 (increased by 20%) in March 2011. This was the second increase in two years. For the last few years, high labor cost and shortage of labor was always one of the biggest concerns for the manufacturing sector in Guangdong Province PRC.

Net loss of the Group for the six months ended 30 June 2011 increased by HK\$2 million (or 11% compared to the corresponding period last year) to HK\$20 million (six months ended 30 June 2010: HK\$18 million). The increase in net loss was due to the decrease in gross profit mentioned above partly offset by the HK\$1.4 million decrease in administrative expenses.

The Company had completed two shares placement during the six months ended 30 June 2011 with details as follows:

In February 2011, the Company completed a top-up placing and issued a total of 317,000,000 ordinary shares of HK\$0.05 each at the placing prices of HK\$0.106 per share. The Company had intended to apply the net proceeds of HK\$32.4 million for financing the development of the coal mine after the completion of the Very Substantial Acquisition (as defined below) and/or for general working capital.

In June 2011, the Company completed a placing and issued a total of 760,000,000 shares of HK\$0.05 each at the placing prices of HK\$0.05 per share. The Company had intended to apply the net proceeds of HK\$36.64 million for financing the development of the coal mine after the completion of the Very Substantial Acquisition and/or for general working capital.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company had completed a very substantial acquisition (“Very Substantial Acquisition”) of Fastport Investments Holdings Limited (“Fastport”) that indirectly holds a mining concession right over the PT Bara coal mine, located near the town of Ampah in Indonesia. The consideration of HK\$500 million was satisfied by the Company issuing two series of convertible bonds in favor of the vendor. The PT Bara coal mine covers an area of approximately 4,093 hectares. The total estimated coal resources of the project is 26.3 million tonnes. The Very Substantial Acquisition was approved by the shareholders of the Company in a special general meeting held on 5 July 2011 and was completed on 13 July 2011. For further details, please refer to the Company’s circular and announcements dated 16 June 2011, 5 July 2011 and 14 July 2011 respectively.

### OUTLOOK

As referred to in the annual report of the Company for the year ended 31 December 2010, the Group continued engaging in the manufacture and sales of healthcare and household products. While there is general belief that the worst is over for the 2008 financial crisis, the global economic fundamentals are still weak as major markets are still faced with high unemployment and worsening government deficit. Given that there is uncertainty in economy recovery, the Group will ensure prudent capital management and prepare for potential market headwinds. In particular, the Management will focus on the increasing labor and raw materials cost in the PRC and appropriate measures will be implemented accordingly.

For the past few years, the Company has been exploring ways to improve the financial performance of the Group including the diversification of the Group’s operations to new and more profitable business. In view of the potential prospects of the coal industry particularly in the Asia Pacific market, the Company had expanded the business of the Group to the coal mining industry. The completion of the Very Substantial Acquisition in July 2011 will provide the opportunity for the Group to diversify its existing business, with the aim of broadening the income base of the Group and enhancing long-term shareholders value.

### LIQUIDITY AND FINANCIAL RESOURCES

At 30 June 2011 the Group had net current assets HK\$128.4 million (31 December 2010: HK\$80.7 million) representing an increase of 59% as compared to 31 December 2010. Total cash and bank deposits was HK\$159.6 million (31 December 2010: HK\$115.9 million) which included a pledged fixed deposit of HK\$1.5 million (31 December 2010: HK\$1.5 million) and foreign currency deposits denominated in RMB amounted to HK\$0.75 million (31 December 2010: HK\$0.47 million).



## MANAGEMENT DISCUSSION AND ANALYSIS

At 30 June 2011 the Group's total borrowings amounted to HK\$24.6 million (31 December 2010: HK\$29.3 million) of which all will be due within one year. Borrowings from bank are secured over the Group's leasehold land and buildings held for own use situated outside Hong Kong, a fixed deposit of HK\$1.5 million (31 December 2010: HK\$1.5million), the Company's guarantee and certain trade receivables of a subsidiary. The Group's gearing ratio, which is expressed as a percentage of the Group's total borrowings over total assets value of HK\$272.0 million as at 30 June 2011 (31 December 2010: HK\$225.0 million), has decreased to 9.0% (2010: 13.0%).

### EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES, INTEREST RATES AND RELATED HEDGES

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars ("HKD"), United States dollars ("USD") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management will monitor the Group's foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise and appropriate instrument be available.

The interest rates profile of the Group's borrowings comprises a mixture of fixed and floating rates. The Group does not hedge against interest rates risk as the management does not foresee the impact of any fluctuation in interest rates to be material to the Group.

### EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2011 the Group employed approximately 24 staffs (at 31 December 2010: 26) in Hong Kong and 835 employees (at 31 December 2010: 937) in the PRC. Employees' remuneration are given and reviewed regularly based on market norms individual performance and experience. Awards and bonuses are considered based on the Group's overall performance and employees' individual merit.

## OTHER INFORMATION

### REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed with management the unaudited interim financial statements for the six months ended 30 June 2011. The unaudited interim financial statements for the six months ended 30 June 2011 were approved and authorized for issue by the Board of Directors on 26 August 2011.

### CHANGES IN BRIEF DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Changes in brief details of directors and senior management subsequent to the publication of the 2011 annual report were as follows:

Mr. Hu Xiao (“Mr. Hu”) had resigned as an executive director of the Company and the chairman of the Board with effect from 21 July 2011 due to his other business commitments which require more of his dedications.

Mr. Tam Lup Wai, Franky (“Mr. Tam”), an executive director of the Company, was appointed as the chairman of the Board with effect from 21 July 2011.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: HK\$Nil).

### DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2011, the interests and short positions of each directors and chief executives of the Company in shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

#### *Long position in issued shares and underlying shares*

Name of director	Capacity/Nature of interests	Number of shares held	Number of underlying shares held	% of total issued shares
Hu Xiao (“Mr. Hu”) ( <i>Note 1</i> )	Interest in controlled corporation	938,974,000 ( <i>Note 2</i> )	—	20.54%

*Note 1:* Mr. Hu had resigned as an executive director of the Company and the Chairman of the Board with effect from 21 July 2011.

*Note 2:* The shares are held by Early State Enterprises Limited (“Early State”) a limited liability company incorporated in the British Virgin Islands (“BVI”). Early State is wholly and beneficially owned by Mr. Hu.

## OTHER INFORMATION

Save as disclosed above, as at 30 June 2011, none of the directors nor their associate had any interests and short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

### SHARE OPTIONS SCHEME

The Company has adopted an options scheme which was approved on a shareholders' special general meeting on 3 March 2010 (the "Share Options Scheme 2010"). Details of the Share Options Scheme 2010 were set out in the Company's circular on 11 February 2010. During the period under review, no share options were being granted or exercised under the Share Options Scheme 2010.

Save as disclosed above, none of the directors or chief executive of the Company or their spouses or children aged below 18 had any right to subscribe for equity or debt securities of the Company or had exercised any such right during the period.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, the following persons had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

*Long positions of substantial shareholders in the shares and underlying shares*

Name of Shareholder	Capacity/ Nature of interests	Number of shares held	Number of underlying shares held	% of total issued shares
Early State Enterprises Limited ("Early State")	Beneficial owner	938,974,000 <i>(Note 1)</i>	—	20.54%
Gloss Rise Limited ("Gloss Rise")	Beneficial owner	—	8,702,702,703 <i>(Note 2)</i>	190.35%
Low Thiam Herr ("Mr. Low")	Interest in controlled corporation	—	8,702,702,703 <i>(Note 3)</i>	190.35%

*Note 1:* The 938,974,000 shares are held by Early State. Mr. Hu is interested in the entire issued capital of Early State. For the avoidance of doubt, the same interests have been disclosed by Mr. Hu under the heading "Interests and short positions of the directors and the chief executives of the Company in shares, underlying shares and debentures of the Company and its associated corporations" above.

## OTHER INFORMATION

*Note 2:* Reference was made to the Company's announcement dated 11 February 2011. On 11 February 2011, Gloss Rise had entered into an agreement (the "Agreement") with Smart Guard Limited ("Smart Guard") (a wholly-owned subsidiary of the Company) to sell to Smart Guard the entire issued share capital of Fastport Investments Holdings Limited that indirectly holds a mining concession right over the PT Bara coal mine, located near the town of Ampah in Indonesia. The consideration of HK\$500 million which in accordance to the Agreement would be satisfied by the Company issuing two series of convertible bonds ("Convertible Bonds") in favor of the Gloss Rise. Accordingly, Gloss Rise was deemed to be interested in Convertible Bonds which are convertible into 8,702,702,702 shares of the Company at HK\$0.075 and HK\$0.05 per conversion share.

*Note 3:* Mr. Low indirectly held 40% of the issued capital of Gloss Rise. By virtue of the SFO, Mr. Low had deemed interests in the same Convertible Bonds.

Save as disclosed above, as at 30 June 2011, the Company according to the records required to be kept by the Company under Section 336 of the SFO there was no person who had any interest or short positions in the shares or underlying shares of the Company.

### **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 2011.

### **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 2011.

### **CORPORATE GOVERNANCE**

The Company has complied with all requirements set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except for the following:

Provision A.4.1 stipulates that independent non-executive directors ("INEDs") should be appointed for a specific term and subject to re-election. During the period under reviewed, all INEDs of the Company were not appointed for a specific term but were subject to retirement by rotation at the annual general meeting in accordance with the Bye-laws of the Company.

Provision E.1.2 requires the chairman of the board should attend the annual general meeting. Mr. Hu, who was the Chairman of the Board at that time, did not attend the annual general meeting held on 20 May 2011 (the "Annual General Meeting") due to his other commitment. Mr. Liu Liyang, the Deputy Chairman of the Board, was available to answer questions at the Annual General Meeting instead.

## OTHER INFORMATION

### AUDIT COMMITTEE

In compliance with the Code an Audit Committee was established on 28 December 1999 with written terms of reference. As at the date of this announcement, the Audit Committee comprises all INEDs: Mr. Yeung King Wah (“Mr. Yeung”) (Chairman of the Audit Committee), Mr. Lam Bing Kwan (“Mr. Lam”) and Mr. Wong Man Chung, Francis (“Mr. Wong”). Both Mr. Yeung and Mr. Wong have the professional qualifications as required under the Listing Rules.

The principal activities of the Audit Committee include the review and supervision of the Group’s financial reporting process and internal controls. The Audit Committee has reviewed with management the unaudited interim financial statements for the six months ended 30 June 2011.

### REMUNERATION COMMITTEE

In compliance with the Code the Company has established a Remuneration Committee on 1 August 2005. As at the date of this announcement, the Remuneration Committee comprises all INEDs and all Executive Directors. The Remuneration Committee has adopted terms of reference which are in line with the Code on Corporate Governance Practices.

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

Hong Kong, 26 August 2011

*As at the date of this interim financial report, the Board comprises Messrs. Tam Lup Wai, Franky and Liu Liyang as Executive Directors and Messrs. Lam Bing Kwan, Yeung King Wah and Wong Man Chung, Francis as Independent Non-executive Directors.*