



意科控股

# eFORCE HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(STOCK CODE : 943)

Interim Report

## 2017



This Interim Report is printed on environmentally friendly paper

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## INDEPENDENT REVIEW REPORT



**TO THE BOARD OF DIRECTORS OF  
eFORCE HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 21 which comprises the condensed consolidated statement of financial position of eForce Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) as at 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## INDEPENDENT REVIEW REPORT

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

Sze Lin Tang

Practising Certificate Number P03614

Hong Kong, 29 August 2017



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***For the six months ended 30 June 2017*

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Revenue</b>	5	<b>103,932</b>	122,825
Cost of sales		<b>(65,944)</b>	(77,974)
<b>Gross profit</b>		<b>37,988</b>	44,851
Other income		<b>3,423</b>	2,875
Selling and distribution expenses		<b>(5,580)</b>	(3,773)
Administrative expenses		<b>(44,428)</b>	(44,935)
<b>Loss from operations</b>		<b>(8,597)</b>	(982)
Loss on settlement of promissory note		–	(21,540)
Net gain on fair value changes on financial assets at fair value through profit or loss	4	<b>2,094</b>	2,023
Share of results of a joint venture		–	(30)
Finance costs		<b>(1,611)</b>	(1,480)
<b>Loss before tax</b>		<b>(8,114)</b>	(22,009)
Income tax expense	6	<b>(173)</b>	(121)
<b>Loss for the year</b>	7	<b>(8,287)</b>	(22,130)
<b>Other comprehensive loss:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>3,067</b>	(2,926)
<b>Other comprehensive loss for the year, net of tax</b>		<b>3,067</b>	(2,926)
<b>Total comprehensive loss for the year</b>		<b>(5,220)</b>	(25,056)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***For the six months ended 30 June 2017*

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Loss for the year attributable to:</b>			
Owners of the Company		(7,815)	(22,248)
Non-controlling interests		(472)	118
		<u>(8,287)</u>	<u>(22,130)</u>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		(4,416)	(25,174)
Non-controlling interests		(804)	118
		<u>(5,220)</u>	<u>(25,056)</u>
<b>Loss per share</b>	9		
Basic (cents per share)		<u>(0.54)</u>	<u>(1.94)</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***At 30 June 2017*

	<i>Notes</i>	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
<b>Non-current assets</b>			
Exploration and evaluation assets		<b>171,970</b>	171,970
Property, plant and equipment	<i>10</i>	<b>97,509</b>	93,831
Goodwill		<b>45,977</b>	45,977
Intangible assets		<b>123,750</b>	131,250
Financial assets at fair value through profit or loss		<b>29,778</b>	27,684
Other assets		<b>4,587</b>	1,505
		<b>473,571</b>	472,217
<b>Current assets</b>			
Inventories		<b>33,422</b>	38,778
Trade and other receivables	<i>12</i>	<b>111,480</b>	103,572
Financial assets at fair value through profit or loss		<b>86</b>	86
Loans and interests receivables	<i>11</i>	<b>108,884</b>	97,405
Bank and cash balances		<b>4,527</b>	19,894
		<b>258,399</b>	259,735
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>(97,158)</b>	(99,902)
Borrowings		<b>(40,261)</b>	(23,350)
Finance lease payables		<b>(91)</b>	(154)
Current tax liabilities		<b>(4,466)</b>	(5,159)
		<b>(141,976)</b>	(128,565)
<b>Net current assets</b>		<b>116,423</b>	131,170
<b>Total assets less current liabilities</b>		<b>589,994</b>	603,387

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***At 30 June 2017*

	<b>30 June 2017</b>	31 December 2016
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>		
Finance lease payables	–	(13)
Deferred tax liabilities	<b>(10,444)</b>	(10,240)
Borrowings	–	(8,364)
	<b>(10,444)</b>	(18,617)
<b>NET ASSETS</b>	<b>579,550</b>	584,770
<b>Capital and reserves</b>		
Share capital	58	58
Reserves	<b>577,304</b>	581,720
Equity attributable to owners of the Company	<b>577,362</b>	581,778
Non-controlling interests	<b>2,188</b>	2,992
<b>TOTAL EQUITY</b>	<b>579,550</b>	584,770



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2017*

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserve HK\$'000	Warrant reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2016 (Audited)	9,618	2,066,171	228,413	(6,150)	24,226	24,682	(2,057,481)	289,479	2,709	292,188
Total comprehensive loss for the period (Unaudited)	-	-	-	(2,926)	-	-	(22,248)	(25,174)	118	(25,056)
Open offer (Unaudited)	38,475	285,280	-	-	-	-	-	323,755	-	323,755
Capital injection from non-controlling interest (Unaudited)	-	-	-	-	-	-	-	-	224	224
Capital reorganisation (Unaudited)	(48,045)	(2,351,451)	2,399,496	-	-	-	-	-	-	-
Capital reorganisation (Unaudited)	-	-	(2,001,372)	-	-	-	2,001,372	-	-	-
At 30 June 2016 (Unaudited)	<u>48</u>	<u>-</u>	<u>626,537</u>	<u>(9,076)</u>	<u>24,226</u>	<u>24,682</u>	<u>(78,357)</u>	<u>588,060</u>	<u>3,051</u>	<u>591,111</u>
At 1 January 2017 (Audited)	58	19,277	626,537	(14,774)	24,226	21,800	(95,346)	581,778	2,992	584,770
Total comprehensive loss for the period (Unaudited)	-	-	-	3,399	-	-	(7,815)	(4,416)	(804)	(5,220)
At 30 June 2017 (Unaudited)	<u>58</u>	<u>19,277</u>	<u>626,537</u>	<u>(11,375)</u>	<u>24,226</u>	<u>21,800</u>	<u>(103,161)</u>	<u>577,362</u>	<u>2,188</u>	<u>579,550</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2017*

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Net cash used in operating activities</b>	<b>(20,407)</b>	(59,587)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,179)	(4,770)
<b>Net cash used in investing activities</b>	<b>(5,179)</b>	(4,770)
<b>Cash flows from financing activities</b>		
New borrowings	10,759	5,835
Repayment of borrowings	(2,099)	(350)
Repayment of finance lease payables	(76)	–
Repayment of promissory note	–	(274,970)
Net proceeds from the open offer	–	37,837
Other financing cash flows (net)	(1,611)	(694)
<b>Net cash generated from/(used in) financing activities</b>	<b>6,973</b>	(232,342)
<b>Net decrease in cash and cash equivalents</b>	<b>(18,613)</b>	(296,699)
Cash and cash equivalents at beginning of year	19,894	309,105
Effect of changes in foreign exchange rate	3,246	(584)
<b>Cash and cash equivalents at end of year</b>	<b>4,527</b>	11,822
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	4,527	11,822

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 June 2017*

**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 2017 are manufacturing and trading of healthcare and household products, production and sale of organic agricultural and fertilizers products, money lending business and coal mining business.

**2. BASIS OF PREPARATION**

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

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016 ("2016 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 2016 Annual Report of the Group.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (the “HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

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

**4. FAIR VALUE MEASUREMENTS**

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

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

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

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

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



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***4. FAIR VALUE MEASUREMENTS (Continued)**

(a) Disclosures of level in fair value hierarchy at 30 June 2017:

Description	Fair value measurements as at 30 June 2017 using:			Total
	Level 1	Level 2	Level 3	2017
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss				
– Listed equity securities	86	–	–	86
– Convertible bonds	–	–	29,778	29,778
<b>Total recurring fair value measurements</b>	<b>86</b>	<b>–</b>	<b>29,778</b>	<b>29,864</b>

Description	Fair value measurements as at 31 December 2016 using:			Total
	Level 1	Level 2	Level 3	2016
	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss				
– Listed equity securities	86	–	–	86
– Convertible bonds	–	–	27,684	27,684
<b>Total recurring fair value measurements</b>	<b>86</b>	<b>–</b>	<b>27,684</b>	<b>27,770</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***4. FAIR VALUE MEASUREMENTS (Continued)**

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

<b>Description</b>	<b>Convertible bonds</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
At 1 January	<b>27,684</b>	62,956
Change in fair value recognised in consolidated profit or loss	<b>2,094</b>	(35,272)
At 30 June/31 December	<b>29,778</b>	27,684
Include gain or losses for assets held at end of reporting period:		
Convertible bonds	<b>2,094</b>	(35,272)

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***4. FAIR VALUE MEASUREMENTS (Continued)**

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2017:

**Level 3 fair value measurements**

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 June 2017 <i>HK\$ '000</i> (Unaudited)
Convertible bonds	Binomial model	The risk free interest rate, share price volatility, dividend yield, and credit discount rate	Share price volatility of 153%, taking into account the historical share price of the issuing company for the period of time close to the expected time to exercise.	Increase	
			Risk free rate is of 0.83%, referencing Hong Kong Sovereign Bond for the same period.	Decrease	
			Dividend yield of 0%, referencing historical dividend payout.	Decrease	
			Discount rate make reference to comparable bond yields.	Decrease	
					<u>29,778</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***4. FAIR VALUE MEASUREMENTS (Continued)**

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2017: (Continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 31 December 2016 HK\$'000 (Audited)
Convertible bonds	Binomial model	The risk free interest rate, share price volatility, dividend yield, and credit discount rate	Share price volatility of 149%, taking into account the historical share price of the issuing company for the period of time close to the expected time to exercise.	Increase	<u>27,684</u>
			Risk free rate is of 1.39%, referencing Hong Kong Sovereign Bond for the same period.	Decrease	
			Dividend yield of 0%, referencing historical dividend payout.	Decrease	
			Discount rate make reference to comparable bond yields.	Decrease	

There are no changes in the valuation techniques used.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***5. SEGMENT INFORMATION**

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

	Trading of agricultural and fertilizers products <i>HKS'000</i> (Unaudited)	Money lending business <i>HKS'000</i> (Unaudited)	Coal mining business <i>HKS'000</i> (Unaudited)	Healthcare and household business <i>HKS'000</i> (Unaudited)	Total <i>HKS'000</i> (Unaudited)
<b>Period ended 30 June 2017:</b>					
Revenue	18,109	6,915	–	78,908	103,932
Segment profit/(loss)	(5,072)	6,914	(187)	548	2,203
<b>As at 30 June 2017:</b>					
Segment assets – unaudited	282,419	108,956	171,713	127,052	690,140
Segment liabilities – unaudited	19,746	15	–	87,220	106,981
<b>Period ended 30 June 2016:</b>					
Revenue	22,628	3,030	–	97,167	122,825
Segment profit/(loss)	1,793	3,020	(208)	5,527	10,132
<b>As at 31 December 2016:</b>					
Segment assets – audited	281,137	97,479	171,893	143,242	693,751
Segment liabilities – audited	12,264	15	–	92,177	104,456

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***5. SEGMENT INFORMATION (Continued)**

Reconciliations of reportable segment revenue and profit and loss:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit or loss:</b>		
Total profit of reportable segments	<b>2,203</b>	10,132
Corporate and unallocated profit or loss	<b>(10,490)</b>	(32,262)
Consolidated loss for the period	<b>(8,287)</b>	(22,130)

**Geographical information:**

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue:		
United States of America	<b>27,854</b>	28,338
The People's Republic of China (the "PRC")	<b>39,723</b>	50,647
Germany	<b>10,666</b>	20,700
France	<b>5,319</b>	2,914
Italy	–	1,143
United Kingdom	<b>3,232</b>	5,308
Japan	<b>1,007</b>	1,495
Hong Kong and others	<b>16,131</b>	12,280
	<b>103,932</b>	122,825

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***6. INCOME TAX EXPENSE**

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax	<b>173</b>	<b>121</b>

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 2016: Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

**7. LOSS FOR THE PERIOD**

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net gain on fair value changes on financial assets at fair value through profit or loss	<b>(2,094)</b>	<b>(2,023)</b>
Reversal of impairment of trade receivables	<b>(1,017)</b>	<b>-</b>
Directors' emoluments	<b>2,994</b>	<b>2,994</b>

**8. INTERIM DIVIDEND**

The Board does not recommend any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***9. LOSS PER SHARE***Basic loss per share*

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$7,815,000 (loss for the six months ended 30 June 2016: approximately HK\$22,248,000) and the weighted average number of 1,442,799,400 (six months ended 30 June 2016: 1,148,648,818) ordinary shares in issue during the period.

*Diluted earnings per share*

No diluted loss per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during the periods ended 30 June 2017 and 2016.

**10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2017, property, plant and equipment of approximately HK\$5,179,000 was acquired by the Group (six months ended 30 June 2016: approximately HK\$4,770,000).

**11. LOANS AND INTERESTS RECEIVABLES**

The loans and interests receivables included loans receivables of approximately HK\$103,200,000 as at 30 June 2017. The aging analysis of loan receivables prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	<b>30 June 2017</b>	31 December 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 – 6 months	<b>36,700</b>	40,700
7 to 12 months	<b>31,500</b>	40,000
Over 12 months	<b>35,000</b>	15,000
	<b>103,200</b>	95,700

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***12. TRADE AND OTHER RECEIVABLES**

The trade and other receivable included trade receivables of approximately HK\$57,185,000 as at 30 June 2017. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
0 to 30 days	18,996	16,479
31 to 90 days	29,985	21,588
91 to 180 days	5,689	15,351
Over 181 days	2,515	2,688
	<b>57,185</b>	<b>56,106</b>

**13. TRADE AND OTHER PAYABLES**

The trade and other payables included trade payables of approximately HK\$18,105,000 as at 30 June 2017. The aging analysis of the trade payables and bills payables, based on the date of receipt of goods, is as follows:

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
0 to 30 days	4,677	5,949
31 to 90 days	9,598	12,806
91 to 180 days	1,304	3,755
181 to 365 days	2,526	897
	<b>18,105</b>	<b>23,407</b>

**14. CONTINGENT LIABILITIES**

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (31 December 2016: Nil).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2017***15. CAPITAL COMMITMENTS**

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

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (Audited)
Quality guarantee deposit	<b>17,500</b>	17,500

**16. APPROVAL OF FINANCIAL STATEMENTS**

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 29 August 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

#### Results for the year

Revenue of the Group for the six months ended 30 June 2017 amounted to approximately HK\$103.9 million, which represented a decrease of approximately HK\$18.9 million or 15% as compared to approximately HK\$122.8 million in the corresponding period 2016.

The consolidated loss of the Group for the six months ended 30 June 2017 amounted to approximately HK\$8.3 million. This represented a decrease of approximately HK\$13.8 million or 62% as compared to the loss of approximately HK\$22.1 million in the corresponding period 2016.

Following is the review of the business of the Group for the six months ended 30 June 2017 and the outlook of the Group's business in the second half of 2017.

#### Manufacture and sale of healthcare and household products

Revenue of the manufacturing business decreased to approximately HK\$78.9 million for the six months ended 30 June 2017, which represented a decrease of approximately HK\$18.3 million or 19% as compared to approximately HK\$97.2 million in the corresponding period 2016. Sales volume was decreased in all locations of customers except France which had a slight increase of approximately HK\$2 million. The major decrease was from Germany and the People's Republic of China (the "PRC") which amounted to approximately HK\$16 million.

Gross profit margin decreased from 28% to 25% mainly due to the increase in raw material cost during the period under review. The decrease in gross profit margin together with the decrease in revenue had decreased gross profit of the Group's manufacturing business by approximately HK\$7.4 million or 27% to approximately HK\$19.8 million as compared to the corresponding period in 2016 (2016: approximately HK\$27.2 million).

Overall, the Group's manufacturing business recorded a segmental profit of approximately HK\$0.5 million as compared to a segmental profit of approximately HK\$5.5 million in the corresponding period 2016 which reflected the combined effect of decrease in overall sales and increase in raw material cost.

In the beginning of 2017, we had expected a flat growth for United States of America, France, Italy, Japan and United Kingdom due to recovery in these traditional markets are less certain and the overall sales were decreased by HK\$18.3 million in the first half of 2017. For the second half of 2017, we are expecting the decrease in sales to continue, with sales are still lagging as compared to the same period last year. Nevertheless, we will continue our efforts in new products development and operational improvement as stated in our Annual Report 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Coal mining business

As the Group had not yet started any mining production at the Group's coal mine project in Central Kalimantan Province in the Republic of Indonesia ("PT Bara Mine"), no revenue was recognized from the coal mining business for the six months ended 30 June 2017.

No capital expenditure was incurred on mining infrastructure as there was no development activity during the six months ended 30 June 2017. Operating expenses related to the Group's mining business charged to statement of profit or loss and other comprehensive income were mainly administrative expenses and amounted approximately HK\$0.2 million for the six month ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$0.2 million).

The coal resource estimates as at 30 June 2017 were as follows:

JORC Category	Coal Resource Estimate		Change in %	Reason of change
	<i>(in thousand tonnes)</i>			
	As at 30 June 2017	As at 31 December 2016		
Measured	8,705	8,705	Nil	N/A
Indicated	11,537	11,537	Nil	N/A
Inferred	6,097	6,097	Nil	N/A
	<b>26,339</b>	<b>26,339</b>		

As no exploration and mining activity had been carried out during the six months ended 30 June 2017 and therefore no material change to the PT Bara Mine since the end of 2016, the coal resources estimates as of 30 June 2017 were the same as of 31 December 2016. No review of the coal resources was carried during the six months ended 30 June 2017.

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 2017 by Greater China Appraisal Limited ("GCA") and a reversal of impairment losses of approximately HK\$18.8 million was recognised for the year ended 31 December 2016 being the recoverable amount of the PT Bara Mine that exceeded its carrying amount as at 31 December 2016.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Production and sale of organic agricultural and fertilizers products

Revenue of the organic agricultural and fertilizers business decreased by approximately HK\$4.5 million, or 20%, from approximately HK\$22.6 million for the period ended 30 June 2016 to approximately HK\$18.1 million for the period under review. The decrease was mainly due to severe drought in Liaoning Province which had affected more than 900,000 hectare of farmland in the province. Gross profit margin also decreased slightly from 65% in 2016 to 62%, which was mainly attributable to the increase in raw material cost. As a result of the foregoing, the gross profit decreased by approximately HK\$3.4 million, or 23%, from approximately HK\$14.7 million for the period ended 30 June 2016 to approximately HK\$11.3 million for the period under review.

For the period under review, the segment recorded a loss of approximately HK\$5.1 million as compared to a profit of approximately HK\$1.8 million for the corresponding period in 2016. The segment loss was arrived at after deducting the amortization of intangible assets of HK\$7.5 million. Such intangible assets represent the unpatented technology of microorganism fertilizers acquired by the Group in September 2015. Excluding the amortization of intangible assets, the segment would have recorded a profit of approximately HK\$2.4 million for the period under review (2016: HK\$9.3 million).

The segment recorded a loss for the period under review as compared to a profit for the corresponding period in 2016, which was due to the combined effect of:

- i. an increase in selling and distribution expenses of approximately HK\$2 million, which represented expenses incurred for the purchase of packing materials for organic products and set up of a new organic agricultural farming base for promotional purpose;
- ii. an increase in administrative expenses of approximately HK\$2 million, which mainly represented (a) the depreciation charge for a facility which was started to operate in 2017 and (b) the increase in labour costs; and
- iii. a reversal of impairment loss on trade receivables of approximately HK\$1.0 million. Such trade receivables were related to sales made in mid-2015.

As the drought condition starts to show sign of easing, we expect sales of the organic agricultural and fertilizers products will recover in the second half of 2017.

### Money lending business

The segment revenue being interest income from the Group's money lending business for the six months ended 30 June 2017 period was HK\$6.9 million (2016: HK\$3.0 million). Depending on the nature and terms and conditions of each loan that was made, interest rate ranged from 7.5% per annum to 15% per annum. Total loan receivables as at 30 June 2017 was HK\$103.2 million (31 December 2016: HK\$95.7 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Conclusion

Loss from operations of the Group for the six months ended 30 June 2017 has increased from approximately HK\$1 million for the corresponding period in 2016 to HK\$8.6 million mainly due the reasons we have discussed above. Nevertheless, loss for the period after tax was improved from HK\$22.1 million in 2016 to HK\$8.3 million in 2017 mainly due to an accounting loss of HK\$21.5 million was realized on settlement of the Group's promissory note in January 2016. However, if the said promissory note had not been settled in January 2016, the Group's finance cost for the year ended 31 Dec 2016 would have increased by approximately HK\$15.6 million.

In line with our strategy mentioned in our Annual Report 2016 to seek other business opportunities and as disclosed in the announcement of the Company dated 15 May 2017, the Company had entered into a memorandum of understanding relating to the possible acquisition (the "Possible Acquisition") of 15% equity interest in and shareholders' loans due by Pacific Memory SDN BHD, which in turn owns a parcel of leasehold land for commercial development purposes and certain condominium units in Malaysia. To raise funds for the Possible Acquisition, as well as further development of the existing business of the Group, and to strengthen the working capital of the Group, the Company is contemplating a fund raising exercise at the moment. Further announcement will be made as and when appropriate by the Company in respect of the Possible Acquisition and/or the possible fund raising exercise. For details of the memorandum of understanding and the Possible Acquisition, please refer to the Company's announcement dated 15 May 2017.

### LIQUIDITY AND FINANCIAL RESOURCES

#### Cash Position

As at 30 June 2017, the Group had cash and bank deposits of approximately HK\$4.5 million (2016: approximately HK\$19.9 million) with a foreign currency deposits denominated in Renminbi ("RMB") amounted to approximately HK\$1.8 million (2016: approximately HK\$3.2 million).

#### Current ratio

As at 30 June 2017, the Group had net current assets of approximately HK\$116.4 million (2016: approximately HK\$131.2 million) and current ratio (being current assets over current liabilities) of 1.82 (2016: 2.02).

#### Debts and borrowings

As at 30 June 2017, the Group had total debts and borrowings of approximately HK\$40.4 million (2016: approximately HK\$31.9 million) which mainly included unsecured loan from financial institutes, secured bank loan and secured other loans of approximately HK\$40.3 million in total (2016: approximately HK\$31.7 million).

#### Gearing ratio

The Group's gearing ratio being total debt over total equity is 0.07 (2016: 0.05).

## MANAGEMENT DISCUSSION AND ANALYSIS

### **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 2017, the Group had 31 employees (2016: 30) in Hong Kong, 833 employees (2016: 853) in the PRC and 2 employees (2016: 2) in Indonesia. Employees' remuneration are given and reviewed based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group's business results and employees' individual merit.

The Company has an option scheme which was approved in a shareholders' special general meeting on 31 August 2015 ("Share Option Scheme 2015"). Under Share Option Scheme 2015, the Company may offer to any persons who the Board considered, at its sole discretion, have contributed or will contribute to the Group. Details of Share Option Scheme 2015 were set out in the Company's circular on 14 August 2015. No share options were granted or exercised during the six months ended 30 June 2017 under Share Option Scheme 2015.



## OTHER INFORMATION

### 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 2017. The unaudited interim financial statements for the six months ended 30 June 2017 were approved and authorized for issue by the Board of Directors on 29 August 2017.

### INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

As at 30 June 2017, none of the Directors nor their associates 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 OPTION SCHEME

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 under review.

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

As at 30 June 2017, 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 which would have to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 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 2017.

### 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 2017.

## OTHER INFORMATION

### 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 2017 except for Provision A.4.1 stipulates that independent non-executive Directors (“INEDs”) should be appointed for a specific term and subject to re-election. All INEDs of the Company are not appointed for a specific term but are subject to retirement by rotation at the annual general meeting in accordance with the Bye-laws of the Company. As Directors’ appointment will be reviewed when they are due for re-election thus the Company is of the view that this meets the same objectives of the said code provision.

### AUDIT COMMITTEE

As at the date of this announcement the Audit Committee comprises Mr. Hau Chi Kit, Mr. Lam Bing Kwan, Mr. Leung Chi Hung and Mr. Li Hon Kuen, being all the independent non-executive Directors in the Board. Mr. Li Hon Kuen is the Chairman of the Audit Committee. The Audit Committee has adopted terms of reference which are in line with the Code.

The primary function of the Audit Committee is to review and monitor the Group’s financial reporting process and internal controls. It is also responsible for making recommendation to the Board for the appointment, reappointment or removal of the external auditor.

By order of the Board  
**eForce Holdings Limited**  
**Liu Liyang**

*Deputy Chairman and Chief Executive Officer*

Hong Kong, 29 August 2017

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