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eFORCE HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(STOCK CODE : 943)

Interim Report 2018

This Interim Report is printed on environmentally friendly paper

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INDEPENDENT REVIEW REPORT

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ZHONGHUI

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 27 which comprises the condensed consolidated statement of financial position of eForce Holdings Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") as at 30 June 2018 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, 30 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	**2018** ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited)
Revenue	*5*	**137,189**	103,932
Cost of sales		**(98,339)**	(65,944)
Gross profit		**38,850**	37,988
Other income		**2,547**	3,423
Selling and distribution expenses		**(6,127)**	(5,580)
Administrative expenses		**(50,645)**	(44,428)
Loss from operations		**(15,375)**	(8,597)
Net (loss)/gain on fair value changes on financial assets at fair value through profit or loss	*4*	**(2,492)**	2,094
Gain on bargain purchase	*11*	**111,733**	–
Share of result of an associate		**(332)**	–
Finance costs		**(913)**	(1,611)
Profit/(loss) before tax		**92,621**	(8,114)
Income tax expense	*6*	**(855)**	(173)
Profit/(loss) for the period	*7*	**91,766**	(8,287)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(1,886)**	3,067
Other comprehensive (loss)/income for the period, net of tax		**(1,886)**	3,067
Total comprehensive income/(loss) for the period		**89,880**	(5,220)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	**2018** ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		**92,257**	(7,815)
Non-controlling interests		**(491)**	(472)
		91,766	(8,287)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**90,217**	(4,416)
Non-controlling interests		**(337)**	(804)
		89,880	(5,220)
Earnings/(loss) per share			
Basic (cents per share)	*9*	**1.13**	(0.54)
Diluted (cents per share)		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Non-current assets			
Exploration and evaluation assets		199,280	199,280
Property, plant and equipment	10	111,899	113,286
Goodwill		9,977	9,977
Intangible assets		108,750	116,250
Interest in an associate	11	656,228	–
Financial assets at fair value through profit or loss		26,480	29,422
Other assets		4,720	4,782
		1,117,334	472,997
Current assets			
Inventories		44,827	38,782
Trade and other receivables	12	140,599	102,577
Financial assets at fair value through profit or loss		1,508	1,058
Loans and interests receivables	13	133,844	101,173
Amount due from an associate		21,881	–
Current tax assets		905	–
Bank and cash balances		4,717	306,018
		348,281	549,608
Current liabilities			
Trade and other payables	14	(135,342)	(109,599)
Borrowings		(20,996)	(20,663)
Finance lease payables		(320)	(320)
Current tax liabilities		(4,466)	(4,459)
		(161,124)	(135,041)
Net current assets		187,157	414,567
Total assets less current liabilities		1,304,491	887,564

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	**At 30 June 2018** ***HK$'000*** **(Unaudited)**	At 31 December 2017 *HK$'000* (Audited)
Non-current liabilities			
Finance lease payables		**(881)**	(1,046)
Deferred tax liabilities		**(12,634)**	(13,430)
		(13,515)	(14,476)
NET ASSETS		**1,290,976**	873,088
Capital and reserves			
Share capital	*15*	**351**	289
Reserves		**1,287,717**	869,554
Equity attributable to owners of the Company		**1,288,068**	869,843
Non-controlling interests		**2,908**	3,245
TOTAL EQUITY		**1,290,976**	873,088

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company									
	Share capital	Share premium	Contributed surplus	Foreign currency translation reserve	Warrant reserve	Property revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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)	58	19,277	626,537	(11,375)	24,226	21,800	(103,161)	577,362	2,188	579,550
At 1 January 2018 (Audited)	289	329,372	626,537	(6,044)	24,226	34,473	(139,010)	869,843	3,245	873,088
Issue of consideration shares	62	327,946	–	–	–	–	–	328,008	–	328,008
Total comprehensive income for the period (Unaudited)	–	–	–	(2,040)	–	–	92,257	90,217	(337)	89,880
At 30 June 2018 (Unaudited)	351	657,318	626,537	(8,084)	24,226	34,473	(46,753)	1,288,068	2,908	1,290,976

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(57,648)**	(20,407)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3,631)**	(5,179)
Acquisition of an associate	**(238,700)**	–
Net cash used in investing activities	**(242,331)**	(5,179)
Cash flows from financing activities		
New borrowings	–	10,759
Repayment of borrowings	–	(2,099)
Repayment of finance lease payables	**(165)**	(76)
Interests paid	**(913)**	(1,611)
Net cash (used in)/generated from financing activities	**(1,078)**	6,973
Net decrease in cash and cash equivalents	**(301,057)**	(18,613)
Cash and cash equivalents at beginning of period	**306,018**	19,894
Effect of changes in foreign exchange rate	**(244)**	3,246
Cash and cash equivalents at end of period	**4,717**	4,527
Analysis of cash and cash equivalents		
Bank and cash balances	**4,717**	4,527

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL INFORMATION

eForce Holding Limited (the "Company") 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 2018 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 2017 ("2017 Annual Report").

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION (Continued)

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 2017 Annual Report of the Group except as stated below:

(a) Financial Assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

– Financial assets at amortised cost;

– Financial assets at fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION (Continued)

(a) Financial Assets (Continued)

(ii) Financial assets at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

(b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade and loan receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade and loan receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

2. BASIS OF PREPARATION (Continued)

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. BASIS OF PREPARATION (Continued)

(d) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. 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.

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

4. 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 30 June 2018:

	Fair value measurements as at 30 June 2018 using:			Total
	Level 1	**Level 2**	**Level 3**	**2018**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Description	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
– Listed equity securities	**1,508**	**–**	**–**	**1,508**
– Convertible bonds	**–**	**–**	**26,480**	**26,480**
Total recurring fair value measurements	**1,508**	**–**	**26,480**	**27,988**

	Fair value measurements as at 31 December 2017 using:			Total
	Level 1	Level 2	Level 3	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Description	(Audited)	(Audited)	(Audited)	(Audited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
– Listed equity securities	1,058	–	–	1,058
– Convertible bonds	–	–	29,422	29,422
Total recurring fair value measurements	1,058	–	29,422	30,480

During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2017: Nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

4. FAIR VALUE MEASUREMENTS (Continued)

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

	Convertible bonds	
	2018	2017
	HK$'000	*HK$'000*
Description	**(Unaudited)**	(Unaudited)
At 1 January	**29,422**	27,684
Change in fair value recognised in consolidated profit or loss#	**(2,942)**	2,094
At 30 June	**26,480**	29,778
Include gains or losses for assets held at end of reporting period: Convertible bonds#	**(2,942)**	2,094

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 2018:

The Group's directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Discussions of valuation processes and results are held between the board of directors at least twice a year.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 June 2018 *HK$'000* (Unaudited)
Convertible bonds	Effective interest method	Discount rate	2.18%	Decrease	26,480

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 31 December 2017 *HK$'000* (Audited)
Convertible bonds	Effective interest method	Discount rate	17.5% – 31.12%	Decrease	29,422

In measuring the fair value of the convertible bond, the Group takes into accounts the creditors schemes and proposed open offer (the "Proposal") as announced by Union Asia Enterprise Holdings Limited, the issuer of convertible bonds (the "Issuer"), on 9 November 2017. Having regard to the execution of the Proposal was in early stage, higher discount rate was adopted for the year ended 31 December 2017 to reflect the uncertainty in the completion of Proposal. According to the announcement of the Issuer dated 28 June 2018, an underwriting agreement was entered by the Issuer and the open offer is expected to be completed in March 2019. As the situation unfold, more appropriated materials are available for the Group to estimate a probability of the completion of the Proposal based on information from HKEX. Therefore, a lower discount rate is adopted for the six months ended 30 June 2018.

There are no change in valuation technique during the period

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. SEGMENT INFORMATION

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

	Trading of agricultural and fertilizers products *HK$'000*	Money lending business *HK$'000*	Coal mining business *HK$'000*	Healthcare and household business *HK$'000*	Total *HK$'000*
Period ended 30 June 2018:					
(Unaudited)					
Revenue	**17,024**	**7,800**	**–**	**112,365**	**137,189**
Segment (loss)/profit	**5,014**	**7,782**	**(495)**	**(1,265)**	**11,036**
As at 30 June 2018 (Unaudited)					
Segment assets	**260,938**	**133,966**	**199,361**	**153,286**	**747,551**
Segment liabilities	**27,792**	**15**	**1,600**	**121,424**	**150,831**
Period ended 30 June 2017:					
(Unaudited)					
Revenue	18,109	6,915	–	78,908	103,932
Segment (loss)/profit	2,428	6,914	(187)	548	9,703
As at 31 December 2017 (Audited)					
Segment assets	259,060	101,272	198,501	129,812	688,645
Segment liabilities	23,864	15	–	99,059	122,938

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit or loss:		
Total profit of reportable segments	**11,036**	9,703
Net (loss)/gain on fair value changes on financial assets at fair value through profit or loss	**(2,492)**	2,094
Gain on bargain purchase	**111,733**	–
Share of loss of an associate	**(332)**	–
Corporate and unallocated profit or loss	**(28,179)**	(20,084)
Consolidated profit/(loss) for the year	**91,766**	(8,287)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers

Segment	Six months ended 30 June 2018 Trading of agricultural and fertilizers products HK$'000 (Unaudited)	Six months ended 30 June 2018 Healthcare and household business HK$'000 (Unaudited)	Six months ended 30 June 2017 Trading of agricultural and fertilizers products HK$'000 (Unaudited)	Six months ended 30 June 2017 Healthcare and household business HK$'000 (Unaudited)
United States of America	–	42,220	–	27,854
The People's Republic of China (the "PRC")	17,024	31,154	18,109	21,614
Germany	–	11,730	–	10,666
France	–	4,934	–	5,319
United Kingdom	–	3,041	–	3,232
Japan	–	455	–	1,007
Hong Kong and others	–	18,831	–	9,216
	17,024	112,365	18,109	78,908

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– Under-provision in prior years	**885**	–
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**643**	173
Deferred tax	**(673)**	–
	855	173

No provision for Hong Kong Profits Tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong (six month ended 30 June 2017: 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

7. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net loss/(gain) on fair value changes on financial assets at fair value through profit or loss	**2,492**	(2,094)
Reversal of impairment on trade receivables	**–**	(1,017)
Directors' emoluments	**3,609**	2,994

8. INTERIM DIVIDEND

The board does not recommend any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK$92,257,000 (loss for the six months ended 30 June 2017: approximately HK$7,815,000) and the weighted average number of ordinary shares of 8,141,776,236 (six months ended 30 June 2017: 1,442,799,400) ordinary shares in issue during the period.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during the six months ended 30 June 2018 and 2017.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, property, plant and equipment of approximately HK$3,631,000 was acquired by the Group (six months ended 30 June 2017: approximately HK$5,179,000).

11. INTEREST IN AN ASSOCIATE

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Share of net assets	**656,228**	–

On 16 March 2018, the Group acquired 35% of the issued share capital of Pacific Memory Sdn Bhd ("Pacific Memory") for a total consideration of approximately HK$566,709,000, of which HK$544,828,000 was the investment cost and HK$21,881,000 was the shareholders loan. The consideration was satisfied by the allotment and issue of 1,569,420,951 ordinary shares of the Company at HK$0.209 per share of approximately HK$328,009,000 and the remaining amount of approximately HK$238,700,000 by cash.

The fair value of the 1,569,420,951 ordinary shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares at the date of completion of the acquisition.

Pacific Memory is engaged in properties development in Malaysia.

The Group recognised a gain on bargain purchase of approximately HK$111,733,000 in the acquisition of Pacific Memory. The gain on bargain purchase was mainly attributable to the decline in market price of the consideration shares and the appreciation of properties development project at the date of completion of the acquisition.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

12. TRADE AND OTHER RECEIVABLES

The trade and other receivable included trade receivables of approximately HK$64,168,000 as at 30 June 2018. The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
0 to 30 days	**13,561**	9,735
31 to 90 days	**47,152**	12,793
91 to 180 days	**2,247**	6,560
Over 180 days	**1,208**	9,822
	64,168	38,910

13. LOANS AND INTERESTS RECEIVABLES

The loans and interests receivables included loan receivables of approximately HK$125,000,000 as at 30 June 2018. 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 2018 *HK$'000* **(Unaudited)** **HK$'000**	31 December 2017 *HK$'000* (Audited) HK$'000
0 to 6 months	**90,500**	80,000
7 to 12 months	**32,500**	19,000
Over 12 months	**2,000**	–
	125,000	99,000

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

14. TRADE AND OTHER PAYABLES

The trade and other payables included trade payables of approximately HK$46,985,000 as at 30 June 2018. The aging analysis of the trade payables and bills payables, based on the date of receipt of goods, is as follows:

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
0 to 30 days	**15,926**	7,077
31 to 90 days	**19,925**	9,265
91 to 180 days	**10,363**	3,259
Over 180 days	**771**	866
	46,985	20,467

15. SHARE CAPITAL

	Notes	**Number of shares**	**Amount** *HK$'000*
Authorised:			
Ordinary shares of HK$0.00004 each at 1 January 2017, 31 December 2017 and 30 June 2018		25,000,000,000,000	1,000,000

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

15. SHARE CAPITAL (Continued)

	Notes	Number of shares	Amount HK$'000
Issued and fully paid:			
Ordinary shares of HK$0.00004 each at 1 January 2017 (Audited)		1,442,799,400	58
Issue of shares on rights issue	(a)	5,771,197,600	231
At 31 December 2017 (Audited)		7,213,997,000	289
Issue of consideration shares	(b)	1,569,420,951	62
At 30 June 2018 (Unaudited)		8,783,417,951	351

(a) On 26 October 2017, the Company entered into an underwriting agreement with an underwriter in respect of the rights issue of 5,771,197,600 ordinary shares of HK$0.00004 each to the qualifying shareholders at a price of HK$0.055 per share on the basis of four right shares for every ordinary share held on the record date. The rights issue was completed on 21 December 2017, and the premium on the issue of shares, amounting to HK$310,095,000 net of share issue expenses of approximately HK$7,090,000 was credited to the Company's share premium account.

(b) On 16 March 2018, 1,569,420,951 ordinary shares of the Company of HK$0.00004 each were issued at HK$0.209 per share as part of the consideration for acquisition of 35% of the issued shares of Pacific Memory. The premium on the issue of shares of approximately HK$327,946,000 was credited to the Company's share premium accounts.

16. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (31 December 2017: Nil).

17. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these Interim Financial Statements, the Group had no other transactions and balances with its related parties during the period ended 30 June 2018.

18. APPROVAL OF FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 30 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Results for the year

Revenue of the Group for the six months ended 30 June 2018 amounted to approximately HK$137.2 million, which represented a increase of approximately HK$33.3 million or 32% as compared to approximately HK$103.9 million in the corresponding period in 2017.

The consolidated profit of the Group for the six months ended 30 June 2018 amounted to approximately HK$91.8 million. This represented an increase of approximately HK$100.1 million as compared to the loss of approximately HK$8.3 million in the corresponding period 2017.

Following is the review of the business of the Group for the six months ended 30 June 2018 and the outlook of the Group's business in the second half of 2018.

Manufacture and sale of healthcare and household products

Revenue of the manufacturing business increased to approximately HK$112.4 million for the six months ended 30 June 2018, which represented an increase of approximately HK$33.5 million or 42% as compared to approximately HK$78.9 million in the corresponding period in 2017. Sales volume increased in all locations except France, UK and Japan which had a slight decrease of approximately HK$0.4 million, HK$0.2 million and HK$0.6 million respectively. Sales to the United States of America (the "USA") was increased by approximately HK$14.4 million mainly due to customers launched new product series during the period under review. Sales to the People's Republic of China (the "PRC") was increased by approximately HK$9.0 million mainly due to customer expanding its market share with new products. Sales to HK and others was increased by approximately HK$9.6 million mainly due to a customer had shifted the production of one of its existing product lines to us temporarily during the period under review.

Gross profit margin decreased from 25% to 18% as compared to the corresponding period in 2017 mainly due to the increase in labour cost which was caused by labour shortage and tight production schedule requested by customers. As the effect of decrease in gross profit margin was offset by the increase in revenue, gross profit increased marginally to approximately HK$19.9 million in the period under review (2017: approximately HK$19.8 million).

Overall, the Group's manufacturing business recorded a segmental loss of approximately HK$1.3 million as compared to a segmental profit of approximately HK$0.5 million in the corresponding period in 2017 which reflected the combined effect of increase in overall sales and increase in labour cost.

Although sales had noticeably increase in the first half of 2018, we are cautious about the outlook of the global consumer market in the second half of 2018 as the escalating trade war between USA and PRC shows no signs of easing. On the other hand, with the rising labour cost and profit margins under consistent pressure, we will continue to improve productivity and operational efficiency to lower production costs.

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 recognised from the coal mining business for the six months ended 30 June 2018.

No capital expenditure was incurred on the mining infrastructure as there was no development activity during the six months ended 30 June 2018. 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 to approximately HK$0.5 million for the six month ended 30 June 2018 (six months ended 30 June 2017: approximately HK$0.2 million).

The coal resource estimates as at 30 June 2018 were as follows:

	Coal Resource Estimate *(in thousand tonnes)*			
JORC Category	**As at 30 June 2018**	As at 31 December 2017	**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 2018 and therefore no material change to the PT Bara Mine since the end of 2017, the coal resources estimates as of 30 June 2018 were the same as of 31 December 2017. No review of the coal resources was carried during the six months ended 30 June 2018.

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 2018 by Greater China Appraisal Limited ("GCA") and a reversal of impairment losses of approximately HK$27.3 million was recognised for the year ended 31 December 2017 being the recoverable amount of the PT Bara Mine that exceeded its carrying amount as at 31 December 2017.

As disclosed in the Company's announcement dated 6 July 2018, PT Bara Utama Persada Raya ("PT BUPR"), a non-wholly owned subsidiary of the Company which holds license of the PT Bara Mine, has cooperated with PT Sinarjaya Mulia Kun ("PT SJMK"), a party independent of the Company and its connected persons (as defined under the Listing Rules), to conduct mining activities at the PT Bara Mine. Pre-mining construction works have been commenced in early July 2018 and the Group is expected to record revenue from the coal mining business during the late third quarter or early fourth quarter in 2018.

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$1.1 million, or 6%, from approximately HK$18.1 million for the period ended 30 June 2017 to approximately HK$17.0 million for the period under review. The decrease was mainly due to loss of its market share. Gross profit margin increased slightly from 62% in 2017 to 65%, which was mainly attributable to the decrease in raw material cost. As a result of the foregoing, the gross profit decreased slightly by approximately HK$0.1 million, or 2%, from approximately HK$11.3 million for the period ended 30 June 2017 to approximately HK$11.1 million for the period under review.

The segment recorded a profit of approximately HK$5.0 million for the period under review as compared to a profit of approximately HK$2.4 million for the corresponding period in 2017, which was due to a decrease in administrative expenses of approximately HK$2 million.

Money lending business

The segment revenue being interest income from the Group's money lending business for the six months ended 30 June 2018 period was HK$7.8 million (2017: HK$6.9 million). Depending on the nature and terms and conditions of each loan that was made, interest rate ranged from 10% per annum to 24% per annum. Total loan receivables as at 30 June 2018 was HK$125.0 million (31 December 2017: HK$99.0 million).

Others

The Group recorded a profit of approximately HK$91.8 million as compared to a loss of approximately HK$8.3 million in the corresponding period in 2017 which was mainly due to the combined effects of the following reasons:

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

(b) Other income decreased by approximately HK$1.0 million as no interest income was recognised from the convertible bonds held by the Company during the period under review as the issuer of the convertible bonds (the "Bond Issuer"), which is a company listed on the Growth Enterprise Market of the Stock Exchange and has been suspended for trading since March 2017, has submitted documents in relation to a creditors schemes to Hong Kong Court and the Grand Court on 18 July 2018. As disclosed in the Bond Issuer's announcement dated 29 June 2018, the Bond Issuer has also submitted a new listing application to the Stock Exchange on 29 June 2018 relating to its resumption proposal. Against this backdrop, it is prudent for the Company to stop recognising further interest income from the convertible bonds;

MANAGEMENT DISCUSSION AND ANALYSIS

(c) Administrative expenses increased by approximately HK$6.2 million mainly due to a reversal of interest income of approximately HK$3.0 million from convertible bonds held by the Company which was recognised as income in previous financial years due to the same reason mentioned in (b) above;

(d) Net loss of HK$2.5 million (2017: net gain of HK$2.1 million) on fair value changes on financial assets at fair value through profit or loss was mainly due to a fair value loss of HK$2.9 million (2017: a fair value gain of HK$2.1 million) on convertible bonds held by the Company; and

(e) A gain on bargain purchase of HK$111.7 million through profit or loss relating to the acquisition (the "Acquisition") of 35% equity interest in and the shareholders' loans to Pacific Memory Sdn Bhd ("Pacific Memory") during the period under review. The gain was derived from the excess of the Company's share of the net fair value of Pacific Memory's identifiable assets and liabilities over the fair value of the consideration for acquiring the interest in Pacific Memory at the date of completion of the Acquisition. The gain on the bargain purchase was a once-off non-cash adjustment which has no impact on the Group's operating cash flow. If the said gain on bargain purchase had not been recognised during the period under review, the Group would have recorded a loss of approximately HK$20.0 million for the period under review.

Update on the Acquisition and the proposed development

Reference is made to the Company's announcements dated 19 January 2018, 14 February 2018, 8 March 2018 and 16 March 2018, and the Company's circular dated 15 February 2018. As the completion of the Acquisition took place on 16 March 2018, Pacific Memory has become an associate of the Company and its financial results was equity accounted for in the unaudited interim results of the Group in the period under review.

The local management of Pacific Memory has started pre-consultation with relevant government agencies regarding the submission of planning approval and has received comments from these government agencies on the development plan. Based on the updated development plan, the commencement of the first phase of the proposed development is expected to take pace within the first quarter of 2019. The first phase of the proposed development is still estimated to be completed in around 2021 while the second phase of the proposed development is estimated to be completed in 2023.

To conclude, in order to drive sustainable growth for the Group and to enhance long-term corporate value, the management will continue to identify suitable investment opportunities from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 30 June 2018, the Group had cash and bank deposits of approximately HK$4.7 million (2017: approximately HK$306.0 million) with a foreign currency deposits denominated in Renminbi amounted to approximately HK$1.9 million (2017: approximately HK$8.5 million).

Current ratio

As at 30 June 2018, the Group had net current assets of approximately HK$187.2 million (2017: approximately HK$414.6 million) and current ratio (being current assets over current liabilities) of 2.16 (2017: 4.07).

Debts and borrowings

As at 30 June 2018, the Group had total debts and borrowings of approximately HK$22.2 million (2017: approximately HK$22 million) which mainly included unsecured loan from financial institutions, secured bank loan and other loans of approximately HK$21.0 million in total (2017: approximately HK$20.7 million).

Gearing ratio

The Group's gearing ratio being total debt over total equity is 1.7% (2017: 2.5%).

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.

Fund raising activities

There was no fund raising activity conducted by the Company during the six months ended 30 June 2018.

The fund raising activity conducted during 2017 and details of the use of its proceeds were as follows:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of net proceeds	Actual use of net proceeds
21 September 2017 (Completed on 21 December 2017)	Rights Issue on the basis of four (4) Rights Shares at a subscription price of HK$0.055 for every one Existing Share held on the Record Date.	HK$310.4 million (approximately)	(i) HK$224.2 million (approximately) on the acquisition of 15% equity interest in and shareholders' loan due by Pacific Memory Sdn Bhd; (ii) HK$56.5 million (approximately) for the Group's money lending business; (iii) HK$24.0 million (approximately) for repayment of the Group's indebtedness; and (iv) the balance of HK$5.7 million (approximately) for general working capital of the Group.	(i) HK$224.2 million (approximately) was used as intended for the acquisition of 15% equity interest in and shareholders' loan due by Pacific Memory Sdn Bhd; (ii) HK$56.5 million (approximately) was used for the Group's money lending business; (iii) HK$24.0 million (approximately) was used for repayment of the Group's indebtedness; and (iv) HK$5.7 million (approximately) was used for general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had 31 employees (2017: 31) in Hong Kong, 1,014 employees (2017: 833) in the PRC and 2 employees (2017: 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.

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 2018. The unaudited interim financial statements for the six months ended 30 June 2018 were approved and authorized for issue by the Board of Directors on 30 August 2018.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

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

At 30 June 2018, the interests and short positions of the directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Percentage of the Company's shares in issue
Leung Chung Shan ("Mr. Leung") *(Note)*	Beneficial owner	4,233,534,364	48.20%

Save as disclosed above, as at 30 June 2018, none of the directors and chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded 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 Issuers.

Note: Mr. Leung was appointed as Chairman and executive Director of the Company on 18 January 2018.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company has an option scheme which was approved in a shareholders' special general meeting of the Company on 31 August 2015 ("Share Option Scheme 2015"). Under Share Option Scheme 2015, the Company may offer to any persons who the Board considered, in 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 2018, under Share Option Scheme 2015.

Save as disclosed above, during the six months ended 30 June 2018, none of the Directors (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

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

As at 30 June 2018, other than the interests of the Directors and chief executive of the Company as disclosed in the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures", the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

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

Name of shareholder	Capacity/ Nature of interests	Number of ordinary shares held	Percentage of the Company's shares in issue
Shek Ying *(Note)*	Interest of spouse	4,233,534,364	48.20%
Lim Kim Chai	Beneficial owner	1,569,420,951	17.87%

Save as disclosed above, as at 30 June 2018, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Note: Ms. Shek Ying, the spouse of Mr. Leung, is deemed to be interested in Mr. Leung's interest in the Company by virtue of the SFO.

OTHER INFORMATION

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 2018.

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 2018.

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 2018 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.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Leung Chung Shan was appointed as an executive Director and the chairman of both the Board and the Nomination Committee of the Company on 18 January 2018. For other information regarding Mr. Leung's appointment, please refer the Company's announcement dated 18 January 2018.

Mr. Tam Lup Wai, Franky ("Mr. Tam") was re-designated from the chairman of the Board to the deputy chairman of the Board, and ceased to be the chairman of the Nomination Committee but remains as the executive Director on 18 January 2018. For other information regarding Mr. Tam's re-designation, please refer the Company's announcement dated 18 January 2018.

Mr. Liu Liyang ("Mr. Liu") ceased to be the deputy chairman of Board but continued as the Chief Executive Officer of the Company and executive Director on 18 January 2018. For other information regarding Mr. Liu's re-designation, please refer the Company's announcement dated 18 January 2018.

Mr. Lam Bing Kwan ("Mr. Lam") retired as an independent non-executive Director of the Company and ceased to be the chairman of the remuneration committee and member of the audit committee and the nomination committee of the Company with effect from the conclusion of the annual general meeting of the Company ("2018 AGM") on 4 June 2018.

OTHER INFORMATION

Mr. Lam has confirmed that he has no disagreement with the Board and there is no matter of his retirement that needs to be bought to the attention of the shareholders of the Company.

Mr. Leung Chi Hung ("Mr. Leung") was appointed as the chairman of the remuneration committee of the Company on 4 June 2018. Mr. Leung has been a member of each of the audit committee, the nomination committee and the remuneration committee of the Company since his appointment as an independent non-executive Director of the Company in 2013.

Mr. Luo Xiaohong ("Mr. Luo") tendered his resignation as the executive Director with on 20 July 2018 as he would like to devote more time in his other commitments.

Mr. Luo had confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company.

At the 2018 AGM, shareholders of the Company had approved the resolution to authorise the Board to fix the remuneration of the Directors. Subsequently, with the recommendation from the Remuneration Committee, the Board had approved an adjustment of the remuneration for each of the independent non-executive Directors from $120,000 to $132,000 per annum.

Save as disclosed above, during the six months ended 30 June 2018, there was no other change in the information of Directors.

AUDIT COMMITTEE

As at the date of this report the Audit Committee comprises Mr. Hau Chi Kit, 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
Executive Director and Chief Executive Officer

Hong Kong, 30 August 2018

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