



# eFORCE HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(STOCK CODE : 943)

## *Interim Report* **2019**

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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 3 to 30 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 2019 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.

#### 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, 23 August 2019

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2019*

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>			
Interest revenue		8,004	7,800
Other revenue		94,472	112,365
<b>Total revenue</b>	5	<b>102,476</b>	120,165
Cost of sales		(67,113)	(92,431)
<b>Gross profit</b>		<b>35,363</b>	27,734
Other income		393	371
Selling and distribution expenses		(1,358)	(1,701)
Administrative expenses		(37,255)	(39,939)
<b>Loss from operations</b>		<b>(2,857)</b>	(13,535)
Net loss on fair value changes on investments at fair value through profit or loss		(12,130)	(2,492)
Gain on bargain purchase	19	102,508	111,733
Share of results of associates		(17,230)	(332)
Finance costs	6	(14,536)	(363)
<b>Profit before tax</b>		<b>55,755</b>	95,011
Income tax expense	7	(404)	(946)
<b>Profit for the period from continuing operations</b>		<b>55,351</b>	94,065
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	20	(14,581)	(2,299)
<b>Profit for the period</b>	8	<b>40,770</b>	91,766

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

Six months ended 30 June

2019	2018
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)
	(Restated)

<b>Profit for the period attributable to:</b>		
Owners of the Company		
From continuing operations	55,844	94,065
From discontinued operations	(14,158)	(1,808)
	<u>41,686</u>	<u>92,257</u>
Non-controlling interests		
From continuing operations	(493)	–
From discontinued operations	(423)	(491)
	<u>(916)</u>	<u>(491)</u>
	<u>40,770</u>	<u>91,766</u>
<b>Profit for the period</b>	<u>40,770</u>	<u>91,766</u>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Release of exchange differences on disposal of subsidiaries	6,908	–
Exchange differences on translating foreign operations	1,596	(1,886)
	<u>8,504</u>	<u>(1,886)</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u>8,504</u>	<u>(1,886)</u>
<b>Total comprehensive income for the period</b>	<u>49,274</u>	<u>89,880</u>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2019*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2018</b> <i>HK\$'000</i> (Unaudited) (Restated)
<hr/>			
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>50,190</b>	90,217
Non-controlling interests		<b>(916)</b>	(337)
		<b>49,274</b>	89,880
<b>Earnings/(loss) per share</b>	<i>10</i>		
From continuing and discontinued operations			
Basic (cents per share)		<b>0.40</b>	1.13
Diluted (cents per share)		<b>N/A</b>	N/A
From continuing operations			
Basic (cents per share)		<b>0.53</b>	1.16
Diluted (cents per share)		<b>N/A</b>	N/A
From discontinued operations			
Basic (cents per share)		<b>(0.13)</b>	(0.03)
Diluted (cents per share)		<b>N/A</b>	N/A
<hr/>			

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 June 2019*

	<i>Notes</i>	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2018 HK\$'000 (Audited)</b>
<b>Non-current assets</b>			
Exploration and evaluation assets		228,690	228,690
Property, plant and equipment	11	63,488	98,899
Right-of-use assets		8,686	–
Interests in associates	12	1,212,397	617,424
Intangible assets		–	70,570
Investments at fair value through profit or loss	4	2,222	14,028
Other assets		–	3,161
		<b>1,515,483</b>	<b>1,032,772</b>
<b>Current assets</b>			
Inventories		28,397	41,082
Trade and other receivables	13	226,196	137,322
Investments at fair value through profit or loss	4	279	898
Loans and interests receivables	14	105,567	130,251
Amount due from an associate		21,881	21,881
Current tax assets		905	905
Bank and cash balances		25,486	18,292
		<b>408,711</b>	<b>350,631</b>
<b>Current liabilities</b>			
Trade and other payables	15	(99,669)	(128,049)
Lease liabilities		(7,347)	–
Finance lease payables		–	(318)
Borrowings	16	(13,677)	(16,670)
Current tax liabilities		(6,845)	(7,130)
		<b>(127,538)</b>	<b>(152,167)</b>
<b>Net current assets</b>		<b>281,173</b>	<b>198,464</b>
<b>Total assets less current liabilities</b>		<b>1,796,656</b>	<b>1,231,236</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 June 2019*

		<b>As at 30 June 2019</b>	As at 31 December 2018
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>			
Lease liabilities		<b>(3,009)</b>	–
Finance lease payables		–	(728)
Shareholder loan	17	<b>(265,469)</b>	–
Deferred tax liabilities		<b>(10,844)</b>	(12,957)
		<b>(279,322)</b>	(13,685)
<b>NET ASSETS</b>		<b>1,517,334</b>	1,217,551
<b>Capital and reserves</b>			
Share capital	18	<b>429</b>	351
Reserves		<b>1,515,737</b>	1,214,365
Equity attributable to owners of the Company		<b>1,516,166</b>	1,214,716
Non-controlling interests		<b>1,168</b>	2,835
<b>TOTAL EQUITY</b>		<b>1,517,334</b>	1,217,551



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2019*

	Share capital	Share premium	Contributed surplus	Foreign Currency Translation reserve	Warrant reserve	Property Revaluation reserve	Accumulated losses	Other reserve	Total	Non-Controlling interests	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
As 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 (Unaudited)	62	327,946	-	-	-	-	-	-	328,008	-	328,008
Total comprehensive income for the period (Unaudited)	-	-	-	(2,040)	-	-	92,257	-	90,217	(337)	89,880
As at 30 June 2018 (Unaudited)	<u>351</u>	<u>657,318</u>	<u>626,537</u>	<u>(8,084)</u>	<u>24,226</u>	<u>34,473</u>	<u>(46,753)</u>	<u>-</u>	<u>1,288,068</u>	<u>2,908</u>	<u>1,290,976</u>
As at 1 January 2019 (Audited)	351	657,318	626,537	(50,072)	24,226	39,980	(83,624)	-	1,214,716	2,835	1,217,551
Issue of consideration shares (Unaudited)	78	220,882	-	-	-	-	-	-	220,960	-	220,960
Acquisition of subsidiaries (Note 19) (Unaudited)	-	-	-	-	-	-	-	-	-	7,117	7,117
Disposal of subsidiaries (Note 20) (Unaudited)	-	-	-	-	-	(5,552)	5,552	-	-	(2,412)	(2,412)
Return of capital to non-controlling interest (Unaudited)	-	-	-	-	-	-	-	-	-	(5,456)	(5,456)
Discounting of shareholder loan (Unaudited)	-	-	-	-	-	-	-	30,300	30,300	-	30,300
Total comprehensive income for the period (Unaudited)	-	-	-	8,504	-	-	41,686	-	50,190	(916)	49,274
As at 30 June 2019 (Unaudited)	<u>429</u>	<u>878,200</u>	<u>626,537</u>	<u>(41,568)</u>	<u>24,226</u>	<u>34,428</u>	<u>(36,386)</u>	<u>30,300</u>	<u>1,516,166</u>	<u>1,168</u>	<u>1,517,334</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2019*

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Net cash generated from/(used in) operating activities</b>	<b>5,273</b>	<b>(57,648)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	<b>(279,484)</b>	–
Purchase of property, plant and equipment	<b>(25)</b>	(3,631)
Acquisition of an associate	–	(238,700)
Disposal of subsidiaries	<b>(1,018)</b>	–
<b>Net cash used in investing activities</b>	<b>(280,527)</b>	<b>(242,331)</b>
<b>Cash flows from financing activities</b>		
New borrowings	<b>313,297</b>	–
Capital refunded to non-controlling interests	<b>(5,456)</b>	–
Repayment of borrowings	<b>(21,587)</b>	–
Repayment of lease liabilities	<b>(3,283)</b>	(165)
Interests paid	<b>(767)</b>	(913)
<b>Net cash generated from/(used in) financing activities</b>	<b>282,204</b>	<b>(1,078)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,950</b>	<b>(301,057)</b>
Cash and cash equivalents at the beginning of the period	<b>18,292</b>	306,018
Effect of changes in foreign exchange rate	<b>244</b>	(244)
<b>Cash and cash equivalents at the end of the period</b>	<b>25,486</b>	<b>4,717</b>
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	<b>25,486</b>	<b>4,717</b>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2019*

### 1. GENERAL INFORMATION

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

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

### 2. BASIS OF PREPARATION

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

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2018 (“2018 Annual Report”).

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of 2018 Annual Report of the Group except as stated below:

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***2. BASIS OF PREPARATION (Continued)****(a) Leases***The Group as lessee*

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

Land and buildings	50%
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Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

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

**(b) Discontinued operations**

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

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

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 2. BASIS OF PREPARATION (Continued)

#### (b) Discontinued operations (Continued)

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

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

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years except stated below.

#### HKFRS 16 “Lease”

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

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

	<b>1 January 2019</b>
	<i>HK\$’000</i>
Increase in right-of-use assets	11,883
Increase in lease liabilities	(12,929)
Decrease in finance lease payables	1,046
	<u><u>1,046</u></u>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)****HKFRS 16 “Lease” (Continued)**

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

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

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 8.5%.

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.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 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.

(a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements as at 30 June 2019 using:			Total
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss				
– Listed equity securities	279	–	–	279
– Convertible bonds	–	–	2,222	2,222
<b>Total recurring fair value measurements</b>	<b>279</b>	<b>–</b>	<b>2,222</b>	<b>2,501</b>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***4. FAIR VALUE MEASUREMENTS (Continued)**

(a) Disclosures of level in fair value hierarchy: (Continued)

Description	Fair value measurements as at 31 December 2018 using:			Total
	Level 1	Level 2	Level 3	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss				
– Listed equity securities	898	–	–	898
– Convertible bonds	–	–	14,028	14,028
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total recurring fair value measurements</b>	<b>898</b>	<b>–</b>	<b>14,028</b>	<b>14,926</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2018: 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 2019***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>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
As at 1 January	<b>14,028</b>	29,422
Change in fair value recognised in consolidated profit or loss <sup>#</sup>	<b>(11,806)</b>	(2,942)
As at 30 June	<b>2,222</b>	26,480
Include gains or losses for assets held at the end of the reporting period:		
Convertible bonds <sup>#</sup>	<b>(11,806)</b>	(2,942)

<sup>#</sup> The total gains or losses recognised in profit or loss including those for assets held at the end of the 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 2019***4. FAIR VALUE MEASUREMENTS (Continued)**

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

**Level 3 fair value measurements**

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 June 2019 HK\$'000 (Unaudited)
Convertible bonds	Risk free rate method	Discount rate	2.22%	Decrease	2,222

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 31 December 2018 HK\$'000 (Audited)
Convertible bonds	Risk free rate method	Discount rate	2.22%	Decrease	14,028

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.

There was no change in the valuation technique used during the period.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 5. REVENUE AND SEGMENT INFORMATION

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

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

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***5. REVENUE AND SEGMENT INFORMATION (Continued)**

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

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

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

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 June 2019

**5. REVENUE AND SEGMENT INFORMATION (Continued)**

Disaggregation of revenue from contracts with customers

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

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

**6. FINANCE COSTS**

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Lease interests	633	-
Interest on shareholder loan	13,769	-
Interest on bank loans and overdraft	723	913
	<b>15,125</b>	<b>913</b>
Representing		
Continuing operations	14,536	363
Discontinued operations	589	550
	<b>15,125</b>	<b>913</b>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***7. INCOME TAX EXPENSE**

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

No provision for Hong Kong Profits Tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong (six month ended 30 June 2018: Nil).

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***8. PROFIT FOR THE PERIOD**

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

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

**9. INTERIM DIVIDEND**

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

**10. EARNINGS/(LOSS) PER SHARE****Basic earnings/(loss) per share***From continuing and discontinued operations*

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

*From continuing operations*

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

*From discontinued operations*

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***10. EARNINGS/(LOSS) PER SHARE (Continued)****Diluted earnings/(loss) per share**

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

**11. PROPERTY, PLANT AND EQUIPMENT**

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

**12. INTERESTS IN ASSOCIATES**

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

The details of the associates are summarised as follows:

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



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***13. TRADE AND OTHER RECEIVABLES**

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

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

**14. LOANS AND INTERESTS RECEIVABLES**

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

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***15. TRADE AND OTHER PAYABLES**

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

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

**16. BORROWINGS**

The unsecured loans represent loans which are 4.75% interest bearing and repayable within 2 years.

**17. SHAREHOLDER LOAN**

On 10 January 2019, the Group entered into a loan agreement of HK\$300 million with a shareholder. The loan is unsecured, interest bearing at 2.2% per annum and repayable within 2 years. The difference between the loan principal and its fair value at initial recognition was directly dealt with in equity as contribution from equity participant.

The effective interest rate of the shareholder loan is 10.47%.

**18. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Amount</b>
<i>Notes</i>		<i>HK\$'000</i>
<b>Authorised:</b>		
Ordinary shares of HK\$0.00004		
each as at 1 January 2018,		
31 December 2018 and		
30 June 2019	<b>25,000,000,000,000</b>	<b>1,000,000</b>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***18. SHARE CAPITAL (Continued)**

	<i>Notes</i>	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Issued and fully paid:</b>			
Ordinary shares of K\$0.00004 each as at 1 January 2018 (Audited)		7,213,997,000	289
Issue of consideration shares	<i>(a)</i>	1,569,420,951	62
As at 31 December 2018 (Audited)		8,783,417,951	351
Issue of consideration shares	<i>(b)</i>	1,938,248,881	78
As at 30 June 2019 (Unaudited)		10,721,666,832	429

- (a) 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 Sdn Bhd. The premium on the issue of shares of approximately HK\$327,946,000 was credited to the Company's share premium accounts.
- (b) On 21 January 2019, 1,938,248,881 ordinary shares of the Company of HK\$0.00004 each were issued at HK\$0.114 per share as part of the consideration for acquisition of 100% of the issued shares of Hong Kong Zhongzheng City Investment Limited. The premium on the issue of shares of approximately HK\$220,882,000 was credited to the Company's share premium accounts.

**19. ACQUISITION OF A SUBSIDIARY**

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***19. ACQUISITION OF A SUBSIDIARY (Continued)**

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

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

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

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***19. ACQUISITION OF A SUBSIDIARY (Continued)**

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

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

**20. DISCONTINUED OPERATIONS**

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

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

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***20. DISCONTINUED OPERATIONS (Continued)**

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

	<i>Notes</i>	<b>Five months ended 31 May 2019 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2018 HK\$'000 (Unaudited)</b>
Revenue	5	<b>7,004</b>	17,024
Cost of goods sold		<b>(3,078)</b>	(5,908)
Gross profit		<b>3,926</b>	11,116
Other income		<b>308</b>	2,176
Selling and distribution expenses		<b>(1,051)</b>	(4,426)
Administrative expenses		<b>(9,969)</b>	(10,706)
Finance costs	6	<b>(589)</b>	(550)
Taxation	7	<b>(7,375)</b> <b>156</b>	(2,390) 91
Loss for the period		<b>(7,219)</b>	(2,299)

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the six months ended 30 June 2019***20. DISCONTINUED OPERATIONS (Continued)**

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

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

**21. CONTINGENT LIABILITIES**

As at the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (31 December 2018: Nil).

**22. 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 2019.

**23. APPROVAL OF FINANCIAL STATEMENTS**

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 23 August 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

#### Results for the year

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

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

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

#### Land development projects

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

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

#### Money lending business

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Coal mining business

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

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

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

JORC Category	Coal Resource Estimate (in thousand tonnes)		Change in %	Reason of change
	As at 30 June 2019	As at 31 December 2018		
	Measured	8,705		
Indicated	11,537	11,537	Nil	N/A
Inferred	6,097	6,097	Nil	N/A
	<b>26,339</b>	<b>26,339</b>		

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

The carrying amount of the exploration and evaluation assets is reviewed for impairment annually. The last valuation of PT Bara Mine was done at the beginning of 2019 by Greater China Appraisal Limited (“GCA”) and a reversal of impairment losses of approximately HK\$29.4 million was recognised for the year ended 31 December 2018 being the recoverable amount of the PT Bara Mine that exceeded its carrying amount as at 31 December 2018.

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

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Discontinued operations

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

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

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

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

### Others

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

- (b) the net loss on fair value changes on investments at fair value through profit or loss of approximately HK\$12.1 million (2018: HK\$2.5 million). The increase was mainly caused by the net loss on fair value changes of convertible bonds of approximately HK\$11.8 million (2018: HK\$2.9 million);
- (c) finance costs of approximately HK\$15.1 million (2018: HK\$1.0 million). The increase was mainly caused by the finance costs of approximately HK\$13.8 million (2018: Nil) incurred from the shareholder loan;
- (d) during the period under review, the Group recognised a gain on bargain purchase of approximately HK\$102.5 million in the acquisition of Zhongzheng City Investment. The gain on bargain purchase was mainly attributable to the decrease in the market price of the shares of the Company upon business combination. The gain on the bargain purchase was a one-off non-cash adjustment which has no impact on the Group's operating cash flow; and
- (e) for the six months ended 30 June 2018, a gain on bargain purchase of approximately HK\$111.7 million through profit or loss relating to the acquisition (the "Acquisition") of 35% equity interest in and the shareholders' loans to Pacific Memory Sdn Bhd ("Pacific Memory") was recognised. The gain was derived from the excess of the Company's share of the net fair value of Pacific Memory's identifiable assets and liabilities over the fair value of the consideration for acquiring the interest in Pacific Memory as at the date of completion of the Acquisition. The gain on the bargain purchase was a one-off non-cash adjustment which has no impact on the Group's operating cash flow.

### **Update on the proposed commercial development at Port Dickson, Malaysia**

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCIAL RESOURCES

#### Cash position

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

#### Current ratio

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

#### Debts and borrowings

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

#### Gearing ratio

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

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

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management will monitor the Group’s foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise and appropriate instrument be available.

The interest rates profile of the Group’s borrowings is mainly at fixed rates. The Group has minimal exposure to interest rate risk, the Group’s operating cash flows are substantially independent of changes in market interest rates. The Group does not hedge against interest rates risk as the management does not foresee the impact of any fluctuation in interest rates to be material to the Group.

#### Employees and remuneration policy

As at 30 June 2019, the Group had 33 employees (2018: 31) in Hong Kong, 828 employees (2018: 1,014) in the PRC and 1 employee (2018: 2) in Indonesia. Employees’ remuneration are given and reviewed based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group’s business results and employees’ individual merit.

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

### INTERIM DIVIDEND

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

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

As at 30 June 2019, except for Mr. Leung Chung Shan, the chairman and executive Director of the Company, none of the Directors and chief executive of the Company 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 Issuers (the "Model Code").

The interests of Mr. Leung Chung Shan in shares of the Company as at 30 June 2019 was disclosed in the section titled "Substantial Shareholders' and Other Persons Interests and Short Positions in Shares and Underlying Shares."

### 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 dated 14 August 2015. No share options were granted or exercised during the six months ended 30 June 2019, under Share Option Scheme 2015.

Save as disclosed above, during the six months ended 30 June 2019, 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.

## OTHER INFORMATION

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

As at 30 June 2019, other than the interests of the Directors and chief executive of the Company as disclosed in the section titled “Directors’ and Chief Executives’ 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:

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding<sup>1</sup></b>
Leung Chung Shang <sup>2</sup>	Beneficial owner	4,233,534,364	39.48%
Shek Ying <sup>3</sup>	Interest of spouse	4,233,534,364	39.48%
CITIC Securities Co., Ltd. (“CITIC”) <sup>4</sup>	Interest of controlled corporation	1,938,248,881	18.08%
Hong Kong Zhongzheng Huijin Limited	Interest of controlled corporation	1,938,248,881	18.08%
Shenzhen Qianhai Zhongzheng City Development Management Limited* (深圳市前海中證城市發展管理有限公司) (“QHZZ”) <sup>5</sup>	Beneficial owner	1,938,248,881	18.08%
Lim Kim Chai	Beneficial owner	1,569,420,951	14.64%

**OTHER INFORMATION***Notes:*

1. Based on 10,721,666,832 shares of the Company in issue as at 30 June 2019.
2. Mr. Leung Chung Shan is the chairman and executive Director of the Company.
3. 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.
4. CITIC holds 100% direct interest in GoldStone Investment Co., Ltd\* (金石投資有限公司), which in turn holds 35% direct interest in QHZZ, and accordingly deemed to have an interest in the shares deemed to be interested by QHZZ.
5. The 1,938,248,881 shares which were deemed to be interested by QHZZ were held by HONG KONG ZHONGZHENG HUIJIN LIMITED, a wholly-owned subsidiary of HONG KONG CITIC SECURITIES CITY DEVELOPMENT LIMITED, which is controlled by QHZZ.

\* *For identification purpose only*

Save as disclosed above, as at 30 June 2019, no other person had any interest or short position in the shares or underlying shares of the Company as 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.



## 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 2019.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code for dealing in securities of the Company by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2019.

### **CORPORATE GOVERNANCE CODE**

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2019, with the exception of Code Provision A.4.1 which provides that non-executive directors should be appointed for a specific term and subject to re-election. None of the independent non-executive directors of the Company is appointed for a specific term but all are subject to retirement by rotation at the annual general meeting in accordance with the Bye-laws of the Company. As Directors' appointment will be reviewed when they are due for re-election, the Board therefore considers this meets the underlying objective of the aforesaid code provision.

### **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, all being independent non-executive Directors. Mr. Li Hon Kuen is the chairman of the Audit Committee. The Audit Committee has adopted the 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, 23 August 2019

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