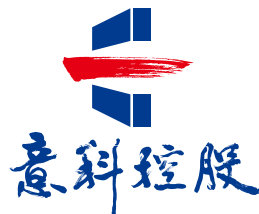


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## **eFORCE HOLDINGS LIMITED**

**意科控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 943)**

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors (“Directors”) of eForce Holdings Limited (the “Company”) herein announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2012.

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2012*

	<i>Note</i>	<b>2012</b> <b>HK\$’000</b>	2011 HK\$’000
<b>Turnover</b>	3	<b>149,534</b>	137,061
Cost of sales		<u>(117,856)</u>	<u>(117,888)</u>
<b>Gross profit</b>		<b>31,678</b>	19,173
Other income	4	<b>42,937</b>	5,718
Distribution costs		<b>(3,234)</b>	(3,003)
Administrative expenses		<u>(64,035)</u>	<u>(63,435)</u>
<b>Profit/(loss) from operations</b>		<b>7,346</b>	(41,547)
Finance costs	7	<b>(27,363)</b>	(13,469)
Impairment loss on exploration and evaluation assets		<u>(182,000)</u>	<u>–</u>
<b>Loss before tax</b>		<b>(202,017)</b>	(55,016)
Income tax expense	8	<u>(364)</u>	<u>(299)</u>
<b>Loss for the year attributable to owners of the Company</b>	6	<u>(202,381)</u>	<u>(55,315)</u>

	<i>Note</i>	<b>2012</b> <b><i>HK\$'000</i></b>	2011 <i>HK\$'000</i>
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations		<b>(759)</b>	1,927
Gains on property revaluation		<b>3,702</b>	7,692
		<hr/>	<hr/>
<b>Other comprehensive income for the year, net of tax</b>		<b>2,943</b>	9,619
		<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>(199,438)</b>	(45,696)
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK\$</i>	<i>HK\$</i>
<b>Loss per share</b>			
Basic	9	<b>(1.11)</b>	(0.33)
		<hr/> <hr/>	<hr/> <hr/>
Diluted		<b>N/A</b>	N/A
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*At 31 December 2012*

	<i>Note</i>	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
<b>Non-current assets</b>			
Exploration and evaluation assets		<b>280,031</b>	461,406
Property, plant and equipment		<b>55,930</b>	55,233
Investments in associates		–	–
Investment in a jointly controlled entity		<b>(40)</b>	(40)
Other non-current assets		–	–
		<hr/> <b>335,921</b>	<hr/> 516,599
<b>Current assets</b>			
Inventories		<b>17,314</b>	19,829
Trade and other receivables	10	<b>30,743</b>	27,820
Derivative components of convertible bonds	12	<b>67,438</b>	37,765
Pledged bank deposits		<b>1,500</b>	3,000
Bank and cash balances		<b>40,646</b>	86,529
		<hr/> <b>157,641</b>	<hr/> 174,943
<b>Current liabilities</b>			
Trade and other payables	11	<b>(64,862)</b>	(64,248)
Derivative component of convertible bonds	12	–	(11,081)
Liability component of convertible bonds	12	<b>(7,000)</b>	(7,000)
Borrowings		<b>(17,202)</b>	(17,407)
Unsecured other loans		<b>(6,500)</b>	(6,500)
Current tax liabilities		<b>(4,562)</b>	(4,442)
		<hr/> <b>(100,126)</b>	<hr/> (110,678)
<b>Net current assets</b>		<hr/> <b>57,515</b>	<hr/> 64,265
<b>Total assets less current liabilities</b>		<hr/> <b>393,436</b>	<hr/> 580,864

	<i>Note</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		(6,921)	(5,558)
Liability component of convertible bonds		(422,325)	(411,678)
		<u>(429,246)</u>	<u>(417,236)</u>
<b>NET (LIABILITIES)/ASSETS</b>		<b><u>(35,810)</u></b>	<b><u>163,628</u></b>
<b>Capital and reserves</b>			
Share capital		183	183
Reserves		(35,993)	163,445
<b>TOTAL EQUITY</b>		<b><u>(35,810)</u></b>	<b><u>163,628</u></b>

*Notes:*

## **1. BASIS OF PREPARATION**

The preliminary announcement of the Group's results for the year ended 31 December 2012 have been prepared in accordance with Hong Kong Financial Reporting Standards, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

### **Going concern basis**

The Group incurred a loss attributable to owners of the Company of approximately HK\$202,381,000 for the year ended 31 December 2012 and as at 31 December 2012 the Group had net liabilities of approximately HK\$35,810,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's attainment of profitable and positive cash flow operations and the Group's successful fund raising activities to obtain necessary fund at a level sufficient to finance the working capital requirements of the Group. As at the date of this final results announcement, Directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The financial information in this announcement has been prepared under the historical cost convention, as modified by the revaluation of land and buildings, call option assets and derivative component of convertible bonds which are carried at their fair values.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditors, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2012. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Nelson Wheeler on the preliminary announcement.

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

In the current year, 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 (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

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

### 3. TURNOVER

The Group's turnover represents the aggregate of sales value of goods supplied to customers less goods returned, trade discounts and sales tax. The amount of revenue recognised in turnover during the year represents manufacture and sale of healthcare and household products.

### 4. OTHER INCOME

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Fair value gain on derivative components of convertible bonds	<b>40,754</b>	2,350
Income from moulds sales, net	–	195
Income from scrap sales	<b>864</b>	539
Interest income	<b>35</b>	261
Net exchange gains	<b>103</b>	–
Net gain on disposals of property, plant and equipment	<b>51</b>	444
Reversal of over-provision for accrued expenses in previous years	–	1,254
Written back of doubtful debts	–	127
Written off of other payables	<b>556</b>	–
Others	<b>574</b>	548
	<b>42,937</b>	5,718

### 5. SEGMENT INFORMATION

The Group is engaged in the manufacture and sales of healthcare and household products and coal mining business. Accordingly, there are two reportable segments of the Group. For the year ended 31 December 2012, no contribution was made by coal mining business segment.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses, segment assets and segment liabilities do not include results, assets and liabilities from corporate income and expenses, corporate assets and liabilities.

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

	<b>Coal mining business HK\$'000</b>	<b>Health care and household products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2012</b>			
Turnover	–	149,534	149,534
Segment loss	174,141	2,010	176,151
Interest income	–	4	4
Finance costs	25,647	1,404	27,051
Depreciation	82	6,825	6,907
Income tax expense	–	248	248
Other material non-cash items:			
Impairment of assets	182,000	–	182,000
Additions to segment non-current assets	1,111	3,988	5,099
<b>As at 31 December 2012</b>			
Segment assets	348,384	107,535	455,919
Segment liabilities	520,636	87,172	607,808
Investment in a jointly controlled entity	–	(40)	(40)
	<u>          </u>	<u>          </u>	<u>          </u>

**Information about reportable segment profit or loss, assets and liabilities (continued):**

	Coal mining business <i>HK\$'000</i>	Health care and household products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2011			
Turnover	–	137,061	137,061
Segment loss	15,752	13,304	29,056
Interest income	–	2	2
Finance costs	11,775	1,386	13,161
Depreciation	–	6,673	6,673
Income tax expense	–	299	299
Additions to segment non-current assets	461,406	6,141	467,547
As at 31 December 2011			
Segment assets	499,171	104,360	603,531
Segment liabilities	497,283	84,512	581,795
Investment in a jointly controlled entity	–	(40)	(40)



**Reconciliations of reportable segment, profit or loss, assets and liabilities:**

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Profit or loss</b>		
Total loss of reportable segments	176,151	29,056
Unallocated corporate results	26,230	26,259
	<u>202,381</u>	<u>55,315</u>
<b>Assets</b>		
Total assets of reportable segments	455,919	603,531
Unallocated corporate assets	37,644	88,429
Elimination of intersegment assets	(1)	(418)
	<u>493,562</u>	<u>691,542</u>
<b>Liabilities</b>		
Total liabilities of reportable segments	607,808	581,795
Unallocated corporate liabilities	28,924	29,674
Elimination of intersegment liabilities	(107,360)	(83,555)
	<u>529,372</u>	<u>527,914</u>

**Geographical information**

The Group's business is managed on a worldwide basis, but participates in nine principal economic environments.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue		Non-current assets	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
France	10,148	12,627	–	–
Germany	23,112	26,580	–	–
Indonesia	–	–	280,435	461,406
Italy	8,961	9,473	–	–
Japan	4,975	7,325	–	–
The People's Republic of China (the "PRC")	25,196	31,085	53,681	52,442
United Kingdom	11,352	6,773	–	–
United States of America	33,964	19,425	–	–
Hong Kong and others	31,826	23,773	1,805	2,751
	<u>149,534</u>	<u>137,061</u>	<u>335,921</u>	<u>516,599</u>
Consolidated total	<u>149,534</u>	<u>137,061</u>	<u>335,921</u>	<u>516,599</u>

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

## 6. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Auditor's remuneration	730	700
Cost of inventories sold <sup>#</sup>	117,856	117,888
Depreciation	8,342	7,747
Impairment loss on exploration and evaluation assets	182,000	–
Loss on redemption of convertible bonds	–	6,149
Operating lease charges in respect of land and buildings	6,472	6,310
Research and development costs*	3,530	3,279
Staff costs including directors' remuneration		
Salaries, bonus and allowances	53,489	51,973
Retirement benefit scheme contributions	316	302
	53,805	52,275
Written off of property, plant and equipment	4	730
	<u>          </u>	<u>          </u>

\* Research and development costs include staff costs of approximately HK\$3,185,000 (2011: approximately HK\$2,950,000) which are included in the amount disclosed separately above.

# Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK\$24,869,000 (2011: approximately HK\$30,934,000), which are included in the amounts disclosed separately above.

## 7. FINANCE COSTS

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Effective interest expenses on liability component of convertible bonds wholly repayable within five years	25,647	11,775
Interest on bank loans	1,282	1,261
Interest on other loans wholly repayable within five years	434	433
	<u>          </u>	<u>          </u>
	<u>27,363</u>	<u>13,469</u>

## 8. INCOME TAX EXPENSES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax		
Provision for the year	216	–
Under-provision in prior years	148	299
	<u>364</u>	<u>299</u>

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.

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.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss before tax	(202,017)	(55,016)
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	(33,333)	(9,078)
Tax effect of income that is not taxable	(6,772)	(408)
Tax effect of expenses that are not deductible	40,654	10,640
Tax effect of temporary differences not recognised	32	(49)
Tax effect of tax losses not recognised	(125)	12
Under-provision in prior years	148	299
Effect of different tax rates of subsidiaries	(240)	(1,117)
	<u>364</u>	<u>299</u>

## 9. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$202,381,000 (2011: approximately HK\$55,315,000) and the weighted average number of ordinary shares of 182,877,071 (2011: 166,280,140) in issue during the year.

### (b) Diluted loss per share

As the exercise of the Company's outstanding convertible bonds for both years would be anti-dilutive, no diluted loss per share was presented in both years.

## 10. TRADE AND OTHER RECEIVABLES

Include in trade and other receivables are trade debtors and bills receivables with the following aging analysis:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 to 30 days	<b>9,054</b>	7,972
31 to 90 days	<b>14,913</b>	12,446
91 to 180 days	<b>1,368</b>	1,603
181 to 365 days	–	230
Over 365 days	<b>211</b>	304
	<hr/> <b>25,546</b> <hr/>	<hr/> 22,555 <hr/>

Trade debts are normally due within from 30 to 60 days from the date of billing.

As at 31 December 2012, trade debtors and bills receivables of approximately HK\$17,144,000 (2011: approximately HK\$7,253,000) are assigned to a bank for a factoring loan included in the banking facilities.

## 11. TRADE AND OTHER PAYABLES

Include in trade and other payables are trade creditors and bills payables with the following aging analysis:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 to 30 days	<b>8,486</b>	9,968
31 to 90 days	<b>8,742</b>	10,053
91 to 180 days	<b>3,084</b>	2,978
Over 180 days	<b>1,850</b>	1,937
	<hr/> <b>22,162</b> <hr/>	<hr/> 24,936 <hr/>

**12. CONVERTIBLE BONDS**

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Derivative components of convertible bonds – assets		
Series A convertible bonds	–	(14,756)
Series B convertible bonds	<u>(67,438)</u>	<u>(23,009)</u>
	<b><u>(67,438)</u></b>	<b><u>(37,765)</u></b>
Derivative component of convertible bonds – liabilities		
Series B convertible bonds	<u>–</u>	<u>11,081</u>
Liability component of convertible bonds		
Series A convertible bonds	<b>200,971</b>	198,808
Series B convertible bonds	<u>228,354</u>	<u>219,870</u>
	<b><u>429,325</u></b>	<b><u>418,678</u></b>
The maturity of the liability component of the convertible bonds:		
Within one year	<b>7,000</b>	7,000
In the second to fifth years inclusive	<u>422,325</u>	<u>411,678</u>
	<b><u>429,325</u></b>	<b><u>418,678</u></b>

**EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2012**

The Directors would like to draw your attention to the fact that the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2012 contains the modified opinion in respect of material uncertainty relating to the going concern as follows:

**“Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Material uncertainty relating to the going concern basis**

Without qualifying our opinion, we draw attention to note 2 to the financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$202,381,000 for the year ended 31 December 2012 and as at 31 December 2012 the Group had net liabilities of approximately HK\$35,810,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.”

These consolidated financial statements have been reviewed by the audit committee of the Company and were approved for issue by the Board of Directors on 25 March 2013.

## **FINAL DIVIDENDS**

The directors do not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Results for the year**

Turnover of the Group for the year ended 31 December 2012 amounted to HK\$149.5 million, which represented an increase of 9% as compared to HK\$137.1 million in 2011.

The consolidated loss of the Group for the year ended 31 December 2012 amounted to HK\$202.4 million. This represented an increase of approximately HK\$147.1 million or 266% as compared to the loss of HK\$55.3 million in 2011.

#### **Manufacturing business**

The Group's manufacturing business continued engage in the manufacture and sales of healthcare and household products for the year ended 31 December 2012.

Turnover of the manufacturing business segment increased 9% on a year-to-year basis to HK\$149.5 million (2011: HK\$137.1 million) mainly due to launch of new products which leads to higher sales volume and average selling price. Sales were up 68% in United Kingdom and 75% in United States of America mainly due to launch of new products in these countries. Sales in Hong Kong and others were up 34% respectively mainly due to new customers in these countries.

In addition to the increase in sales volume and average selling price, more stable raw material cost and higher worker efficiency have further improved the gross margin to 21% as compared to 14% in 2011. As a result, gross profit was increased by HK\$12.5 million to HK\$31.7 million (2011: 19.2 million).

Other costs were maintained at about the same level in 2012 as compared to 2011.

#### **Coal mining business**

As disclosed in the Company's announcement date 14 December 2012, the Group's coal mine project in Central Kalimantan Province in the Republic of Indonesia ("PT Bara Mine") was originally scheduled to commence production in the first quarter of 2013. The Group has commenced, as planned, the acquisition and/or relinquishment of surface rights held by other parties in the area covered by the Group's exploration and exploitation rights in the second half of 2012, but has found that negotiations of terms were more protracted than expected (and might entail higher costs than budgeted) and expected a delay in commencement of operations by at least a few months.

Since then negotiations have been ongoing with different relevant parties. The Company will inform the shareholders of the Company of any further development in the operation of the PT Bara Mine as and when appropriate.

An updated review of the coal resources estimate as at 31 December 2012 was conducted by Roma Oil and Mining Associates Limited in February 2013 under the JORC Code which showed no material change for the PT Bara Mine since the last resource estimate was done and reviewed by them in June 2011 and February 2012 respectively. Set out below is the highlight of the review:

<b>Coal Resource Estimate</b>				
<b>(in thousand tonnes)</b>				
<b>JORC Category</b>	<b>As at 31 December 2011</b>	<b>As at 31 December 2012</b>	<b>Change in %</b>	<b>Reason of change</b>
Measured	8,705	8,705	Nil	N/A
Indicated	11,537	11,537	Nil	N/A
Inferred	6,097	6,097	Nil	N/A
	<hr/>	<hr/>		
Total	<u>26,339</u>	<u>26,339</u>		

During 2012, approximately HK\$0.6 million acquisition and exploration related expenditures were capitalized as costs of the mining rights.

Apart from the annual review on the resources estimate, the Group has also engaged an independent valuer, Roma Appraisals Limited, to determine the fair value of the PT Bara Mine. Due to the continuing decline in the price of coal and the delay in the commencement of operations of the PT Bara Mine, a non-cash impairment loss of HK\$182 million was recognised for the year ended 31 December 2012 (2011: Nil).

### **Others**

Other income was increased by HK\$37.2 million mainly due to non-cash fair value gain of HK\$40.8 million on the call option assets and derivative component of the convertible bonds issued by the Company in July 2011 (the “Convertible Bonds 2011”) and the reversal of certain overprovision for accrued expenses in previous years.

Finance costs were increased from HK\$13.5 million in 2011 to HK\$27.4 million in 2012 mainly due to the effective interest charges on liability component of the Convertible Bonds 2011 were calculated for the full year in 2012 but only for approximate five and a half months in 2011 when the Convertible Bonds 2011 was issued.



## **BUSINESS OUTLOOK**

Looking ahead into 2013, global economic conditions remain uncertain and weaker-than-expected recovery may again slow down global demand of consumer products. We will continue to take measures on manufacturing automation, cost rationalization and capital expenditure control so as to operate from a leaner base and remain price-competitive. Such efforts have already reflected in improved gross margin in 2012.

As for the coal mining business, although the price of coal has also been adversely affected by the slow recovery of the global economic conditions, we believe the PT Bara Mine will create long term value to our shareholders by enable us to tap into the energy and natural resources market in Southeast Asia's largest economy with high growth potential. We will actively seek other investment opportunities in the region and to explore the feasibility of expanding into other natural resources business to enhance the Group's growth.

### **The Group's Liquidity and Financial Resources**

#### **Cash position**

As at 31 December 2012, the Group had cash and bank deposits of HK\$42.1 million (2011: HK\$89.5 million) which included a pledged bank deposits of HK\$1.5 million (2011: HK\$3 million) and a foreign currency deposits denominated in Renminbi ("RMB") amounted to HK\$3.98 million (2011: HK\$0.77 million).

#### **Current ratio**

As at 31 December 2012, the Group had net current assets of HK\$57.5 million (2011: HK\$64.3 million) and current ratio (being current assets over current liabilities) of 1.6 (2011: 1.6).

#### **Debts and borrowings**

As at 31 December 2012, the Group had total debts and borrowings of HK\$453 million (2011: HK\$442.6 million) including unsecured loan form financial institute and secured bank loan and factoring loan of HK\$17.2 million (2011: HK\$17.4 million), unsecured other loans of HK\$6.5 million (2011: HK\$6.5 million) and convertible of HK\$429 million (2011: HK\$418.7 million).

#### **Gearing ratio**

The Group's gearing ratio measured by net debts (being total of bank loan and convertible bonds less total cash) divided by equity attributable to equity holders of the Company is not applicable as the Group had a net deficiency in capital as at 31 December 2012 (2011: 216%).

## **Financial resources**

Despite the Group incurred a loss attributable to owners of the Company of approximately HK\$202,381,000 for the year ended 31 December 2012 and as at 31 December 2012 the Group had net liabilities of approximately HK\$35,810,000, based upon its latest forecasts Directors have a reasonable expectation that the Group will have adequate or access to resources to obtain necessary funds at a level sufficient to finance the working capital requirements of the Group.

## **Exposure to Fluctuation in Exchange Rates, Interest Rates and Related Hedges**

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

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

## **Material Acquisitions and Disposal of Subsidiaries**

The Group had neither any material acquisition nor disposal in 2012.

## **Material Contingent Liabilities**

The Group is not aware of any material contingent liabilities as at 31 December 2012.

## **Employees and Remuneration Policy**

At the end of reporting period, the Group had 25 employees (2011: 26) in Hong Kong, 727 employees (2011: 646) in PRC and 14 employees (2011: 12) in Indonesia. Employees’ remuneration are given and reviewed based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group’s business results and employees’ individual merit.

The Company has an option scheme which was approved in a shareholders’ special general meeting on 3 March 2010 (the “Share Option Scheme 2010”). Under the Share Option Scheme 2010, the Company may offer to any persons who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Details of the Share Option Scheme 2010 were set out in the Company’s circular on 11 February 2010.

No share options were granted or exercised during the year under the Share Option Scheme 2010.

## **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 year.

## **CORPORATE GOVERNANCE**

During the year ended 31 December 2012, the Company has complied with all provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules except for the provision below:

Provision A.4.1 stipulates that independent non-executive directors ("INEDs") should be appointed for a specific term and subject to re-election. During the year under reviewed, all INEDs of the Company were not appointed for a specific term but were subject to retirement by rotation at the annual general meeting in accordance with the Bye-laws of the Company except for Mr. Lam Ming On who was appointed for initial term of one year commenced on 1 December 2011. 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.

## **REVIEW BY AUDIT COMMITTEE**

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management its internal controls and financial reporting matters. The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2012.

## **DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

The electronic version of this announcement will be published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (<http://www.hkex.com.hk>). The annual report of the Company for the year ended 31 December 2012, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to shareholders of the Company and published on the Stock Exchange's website in due course.

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

*Deputy Chairman and Chief Executive Officer*

Hong Kong, 25 March 2013

*At the date of this announcement, the Board comprises Mr. Tam Lup Wai, Franky, Mr. Liu Liyang, Mr. Jiang Chunming, Mr. Luo Xiaohong, Madam Lu Mujuan and Mr. Wan Shouquan being Executive Directors and Mr. Lam Bing Kwan, Mr. Lam Ming On and Mr. Wong Man Chung, Francis being Independent Non-Executive Directors.*

\* *For identification purpose only*