意科控股

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 2015

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 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015** *HK$'000*	2014 *HK$'000*
Revenue	3	**179,455**	184,750
Cost of sales		**(128,317)**	(137,451)
Gross profit		**51,138**	47,299
Other income	4	**4,047**	13,620
Selling and distribution expenses		**(5,868)**	(4,086)
Administrative expenses		**(69,281)**	(62,975)
Loss from operations		**(19,964)**	(6,142)
Impairment loss on exploration and evaluation assets		**(53,180)**	(44,651)
Fair value gain on derivative components of convertible bonds		**–**	45,589
Net gain on fair value changes on financial assets at fair value through profit or loss		**39,039**	–
Share of results of a joint venture		**78**	407
Loss on early redemption of convertible bonds		**–**	(8,434)
Finance costs	7	**(8,200)**	(6,302)

	Note	2015 HK$'000	2014 HK$'000
Loss before tax		**(42,227)**	(19,533)
Income tax expense	8	**(7,057)**	(343)
Loss for the year	6	**(49,284)**	(19,876)
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(4,245)**	(217)
Item that will not be reclassified to profit or loss:			
(Losses)/gains on property revaluation		**(2,649)**	617
Total other comprehensive (loss)/income for the year, net of tax		**(6,894)**	400
Total comprehensive loss for the year		**(56,178)**	(19,476)
Loss for the year attributable to:			
Owners of the Company		**(49,090)**	(19,876)
Non-controlling interests		**(194)**	–
		(49,284)	(19,876)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(55,984)**	(19,476)
Non-controlling interests		**(194)**	–
		(56,178)	(19,476)
			(Restated)
Loss per share	9		
Basic (cents per share)		**(22.54)**	(31.30)
Diluted (cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Exploration and evaluation assets		**153,200**	206,380
Property, plant and equipment		**84,589**	61,777
Goodwill	10	**45,977**	–
Intangible assets	11	**146,250**	–
Investment in a joint venture		**446**	368
Financial assets at fair value through profit or loss	12	**62,956**	–
Loan receivable		**15,000**	–
Other assets		**25,076**	–
		533,494	268,525
Current assets			
Inventories		**33,204**	29,548
Trade and other receivables	13	**74,411**	42,973
Financial assets at fair value through profit or loss	12	**2,205**	–
Derivative financial instrument		**1,697**	–
Loan receivable		**3,365**	–
Bank and cash balances		**309,105**	31,266
		423,987	103,787
Current liabilities			
Trade and other payables	14	**(378,969)**	(82,441)
Borrowings		**(10,050)**	(14,814)
Finance lease payables		**(148)**	(141)
Current tax liabilities		**(5,314)**	(5,211)
		(394,481)	(102,607)
Net current assets		**29,506**	1,180
Total assets less current liabilities		**563,000**	269,705
Non-current liabilities			
Finance lease payables		**(167)**	(315)
Deferred tax liabilities		**(18,322)**	(9,428)
Promissory note	15	**(252,323)**	–
		(270,812)	(9,743)
NET ASSETS		**292,188**	259,962
Capital and reserves			
Share capital		**9,618**	6,682
Reserves		**279,861**	253,280
Equity attributable to owners of the Company		**289,479**	259,962
Non-controlling interests		**2,709**	–
TOTAL EQUITY		**292,188**	259,962

Notes:

1. GENERAL INFORMATION

eForce Holdings Limited was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Suite 3008, Man Yee Building, 68 Des Voeux Road Central, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The principal activities of the Group are manufacture and sale of healthcare and household products, production and trading of agricultural and fertilizers products, money lending business, and coal mining business.

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 that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

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

3. REVENUE

The Group's revenue represents the aggregate of sales value of goods supplied to customers less goods returned, trade discounts and sales tax. The amount of revenue recognised during the year represents manufacture and sale of healthcare and household products, production and trading of agricultural and fertilizers products, and interest income from money lending business. An analysis of the Group's revenue for the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Manufacture and sale of healthcare and household products	**160,506**	184,750
Production and trading of agricultural and fertilizers products	**18,089**	–
Interest income from money lending business	**860**	–
	179,455	184,750

4. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Income from scrap sales	**36**	475
Interest income	**286**	13
Dividend income	**152**	–
Government grants	**125**	–
Net exchange gains	**–**	300
Net gain on disposals of property, plant and equipment	**–**	360
Reversal of inventories provision[#]	**2,550**	–
Written back of trade and other payables	**–**	1,483
Written back of unsecured loan with accrued interest	**–**	9,729
Others	**898**	1,260
	4,047	13,620

[#] The inventories were sold during the year.

5. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. The Group has four reportable segments: manufacturing and sales of healthcare and household products, coal mining business, production and trading of agricultural and fertilizers products, and money lending business.

Segment profits or losses do not include unallocated corporate income and expenses. Segment assets do not include investment in a joint venture, others assets, held-for-trading investments and other unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

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

	Production and trading of agricultural and fertilizers products	**Money lending business**	**Coal mining business**	**Healthcare and household business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2015:					
Revenue	**18,089**	**860**	**–**	**160,506**	**179,455**
Segment (loss)/profit	**4,079**	**845**	**(645)**	**1,506**	**5,785**
Finance costs	**–**	**–**	**–**	**457**	**457**
Depreciation	**333**	**–**	**32**	**4,734**	**5,099**
Income tax expense	**101**	**–**	**–**	**409**	**510**
Other material non-cash items:					
Impairment of assets	**–**	**–**	**53,180**	**–**	**53,180**
Additions to segment non-current assets	**–**	**–**	**–**	**3,611**	**3,611**
At 31 December 2015:					
Segment assets	**300,155**	**18,438**	**153,542**	**122,317**	**594,452**
Segment liabilities	**20,620**	**–**	**–**	**66,343**	**86,963**
Investment in a joint venture	**–**	**–**	**–**	**446**	**446**
Year ended 31 December 2014:					
Revenue	–	–	–	184,750	184,750
Segment (loss)/profit	–	–	(5,040)	8,246	3,206
Finance costs	–	–	5,082	1,220	6,302
Depreciation	–	–	155	5,208	5,363
Income tax expense	–	–	–	343	343
Other material non-cash items:					
Impairment of assets	–	–	44,651	–	44,651
Additions to segment non-current assets	–	–	–	4,283	4,283
At 31 December 2014:					
Segment assets	–	–	206,714	138,660	345,374
Segment liabilities	–	–	–	93,409	93,409
Investment in a joint venture	–	–	–	368	368

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

	2015	2014
	HK$'000	*HK$'000*
Revenue:		
Total revenue of reportable segments and consolidated revenue	**179,455**	184,750
Profit or loss:		
Total loss of reportable segments	**5,785**	3,206
Corporate and unallocated profit or loss	**(55,069)**	(23,082)
Consolidated loss for the year	**(49,284)**	(19,876)
Assets:		
Total assets of reportable segments	**594,452**	345,374
Corporate and unallocated assets:		
– Bank and cash balances	**295,273**	23,861
– Financial assets at fair value through profit or loss	**65,161**	–
– Others	**2,595**	3,077
Consolidated total assets	**957,481**	372,312
Liabilities:		
Total liabilities of reportable segments	**86,963**	93,409
Corporate and unallocated liabilities		
– Promissory note	**252,323**	–
– Others	**326,007**	18,941
Consolidated total liabilities	**665,293**	112,350

Geographical information:

	2015	2014
	HK$'000	*HK$'000*
Revenue:		
United States of America	**59,580**	85,715
The People's Republic of China (the "PRC")	**42,767**	23,993
Germany	**19,365**	19,901
France	**7,944**	12,017
Italy	**6,692**	9,777
United Kingdom	**13,197**	9,676
Japan	**3,052**	4,446
Hong Kong and others	**26,858**	19,225
	179,455	184,750

In presenting the geographical information, revenue is based on the locations of the customers. No revenue has been recorded for coal mining business for both years.

Revenue from major customers:

	2015	2014
	HK$'000	HK$'000
Customer A	**47,357**	81,470
Customer B	**22,814**	27,632
Customer C	**18,082**	22,305

Revenue from above customers individually contributed more than 10% of the total consolidated revenue of the Group.

	2015	2014
	HK$'000	HK$'000
Non-current assets:		
Indonesia	**153,203**	206,414
The PRC	**302,495**	60,885
Hong Kong and others	**77,796**	1,226
	533,494	268,525

6. LOSS FOR THE YEAR

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

	2015	2014
	HK$'000	*HK$'000*
Auditor's remuneration	**700**	600
Cost of inventories sold#	**128,317**	137,451
Depreciation	**5,213**	5,830
Amortisation	**3,750**	–
Fair value gain on derivative components of convertible bonds	**–**	(45,589)
Net gain on fair value changes on financial assets at fair value through profit or loss	**(39,039)**	–
Impairment loss on exploration and evaluation assets	**53,180**	44,651
Reversal of inventories provision	**(2,550)**	–
Net exchange losses/(gains)	**627**	(300)
Operating lease charges in respect of land and buildings	**4,798**	4,671
Research and development costs*	**2,967**	2,948
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**61,915**	68,979
– Retirement benefits scheme contributions	**390**	367
	62,305	69,346

\# Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$27,906,000 in total (2014: approximately HK$34,045,000), which are included in the amounts disclosed separately above.

* Research and development costs include staff costs of approximately HK$2,813,000 (2014: approximately HK$2,629,000) which are included in the amount disclosed separately above.

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest expenses on liability component of convertible bonds	**–**	5,002
Interests on bank loans	**202**	1,176
Interests on other unsecured loans	**308**	103
Interests on promissory note	**7,673**	–
Finance leases charges	**17**	21
	8,200	6,302

8. INCOME TAX EXPENSE

	2015	2014
	HK$'000	HK$'000
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**510**	14
– Under-provision in prior years	**–**	329
	510	343
Deferred tax	**6,547**	–
	7,057	343

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 (2014: 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.

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

	2015	2014
	HK$'000	*HK$'000*
Loss before tax	**(42,227)**	(19,533)
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**(6,967)**	(3,223)
Tax effect of non-taxable income	**(3,242)**	(9,329)
Tax effect of non-deductible expenses	**20,860**	14,477
Tax effect of temporary differences not recognised	**973**	23
Tax effect of utilisation of tax losses not previously recognised	**(2,252)**	(1,632)
Under-provision in prior years	**–**	329
Effect of different tax rates of subsidiaries	**(2,315)**	(302)
Income tax for the year	**7,057**	343

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$49,090,000 (2014: approximately HK$19,876,000) and the weighted average number of ordinary shares of 217,770,632 (2014: 63,511,687 as adjusted to reflect the impact of share consolidation on 7 December 2015) in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any outstanding dilutive potential ordinary shares during the years ended 31 December 2015 and 2014.

10. GOODWILL

	2015
	Total
	HK$'000
COST:	
At beginning of the reporting period	–
Acquisition of a subsidiary	45,977
At the end of the reporting period	45,977
Carrying amount	45,977

On 25 September 2015, the Group obtained 100% of the issued share capital of Ample One Limited and its subsidiaries (collectively referred to as the "Acquied Group") for a total consideration of HK$300,000,000 which is comprised of a cash consideration HK$30,000,000 and Promissory Note of HK$270,000,000. The Acquied Group is principally engaged in production and sales of organic agricultural and fertilizers products.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the cash generating unit of trading of agricultural and fertilizers products.

11. INTANGIBLE ASSET

	Unpatented Technology
	HK$'000
Cost	
At 1 January 2014, 31 December 2014 and 1 January 2015	**–**
Acquisition of a subsidiary	**150,000**
At 31 December 2015	**150,000**
Accumulated amortisation and impairment losses	
At 1 January 2014, 31 December 2014 and 1 January 2015	**–**
Amortisation for the year	**3,750**
At 31 December 2015	**3,750**
Carrying amount	
At 31 December 2015	**146,250**
At 31 December 2014	**–**

The unpatented technology represents technical know-how and technology specification of the microorganism fertilizers held by the acquired subsidiary of the Company during the year. It is stated at cost at initiation less accumulated amortisation and impairment losses.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2015	2014
	Notes	**HK$'000**	HK$'000
Convertible bonds, at fair value	*(a)*	**62,956**	–
Equity securities listed in Hong Kong, at fair value	*(b)*	**2,205**	–
		65,161	–
Analysed as:			
Current assets		**2,205**	–
Non-current assets		**62,956**	–
		65,161	–

Notes:

(a) On 19 November 2015, the Company acquired the convertible bonds in the principal amount of US$13,000,000 at the consideration of HK$20,475,000 in cash. The issuer of the convertible bonds is Pan Asia Mining Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. The interest of the convertible bonds is 2% per annum and payable in arrear semi-annually starting from the issue date. The maturity date is 12 May 2020. The convertible bonds can be converted at any time from the date of issue of the convertible bonds up to the maturity date. The Company has engaged an independent professional valuer, Roma Appraisals Limited, to carry out an independent valuation of the convertible bonds. A fair value gain of HK$42,481,000 was recognised as at 31 December 2015.

(b) At 31 December 2015, the fair value of the listed equity securities, amounting to approximately HK$2,205,000 (2014: nil), was determined based on the quoted market bid prices of the corresponding listed equity securities.

Net loss on fair value changes on HK listed securities of HK$3,442,000 was recognised as at 31 December 2015.

13. TRADE AND OTHER RECEIVABLES

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

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**11,134**	14,384
31 to 90 days	**15,497**	21,000
91 to 180 days	**6,533**	1,781
Over 180 days	**4,702**	108
	37,866	37,273

The Group allows an average credit period of 30 to 180 days to its trade customers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

As at 31 December 2015, trade debtors and bills receivables of approximately HK$0.8 million (2014: approximately HK$2.2 million) are assigned to a bank for a factoring loan included in the banking facilities.

14. TRADE AND OTHER PAYABLES

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

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**7,111**	7,713
31 to 90 days	**10,290**	14,561
91 to 180 days	**177**	32
Over 180 days	**942**	1,170
	18,520	23,476

15. PROMISSORY NOTES

On 25 September 2015, the completion date of acquisition of subsidiaries, the Company issued Promissory Notes ("PN") with a principal amount of HK$270,000,000 as a settlement of the remaining consideration. The fair value of PN was assessed as approximately HK$244,650,000 on 25 September 2015 by an independent valuer, Roma Apprasials Limited. PN is interest bearing at the rate of 6% per annum and mature on 25 September 2017.

The movement of the carrying amount of PN is set out below:

	2015
	HK$'000
At beginning of the reporting period	**–**
Acquisition of a subsidiary	**244,650**
Interest charged calculated at an effective interest rate	**7,673**
At the end of the reporting period	**252,323**

16. FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results for the year

Revenue of the Group for the year ended 31 December 2015 amounted to HK$179.5 million, which represented an decrease of 3% as compared to HK$184.8 million in 2014.

The consolidated loss of the Group for the year ended 31 December 2015 amounted to HK$49.3 million. This represented an increase of approximately HK$ 29.4 million or 148% as compared to the loss of HK$19.9 million in 2014.

Following is the review of the principal activities of the Group in 2015 and outlook of the Group's business in 2016.

Manufacture and sale of healthcare and household products

As mentioned in our Interim Report 2015, the revenue of the Group's manufacturing business has decreased by 3% in the first half of 2015 when compared to the revenue in the corresponding period in 2014. Such trend has slowed down in the second half of 2015 and revenue for 2015 was decreased to HK$ 160.5 million or by 1.3% as compared to HK$184.8 million in 2014. The decrease reflected the net combined effect of sales volume changes in different geographical locations of customers with prominent decrease from United States of America.

Gross profit margin decreased slightly from 25.6% in 2014 to 24.3% in 2015 mainly due to slightly increase in labour cost. Gross profit decreased by HK$8.2 million to HK$39.1 million in 2015 as compared to HK$47.3 million in 2014. The decrease in gross profit was mainly attributable to effect of decrease in revenue and gross profit margin of the manufacturing business.

Overall, the Group's manufacturing business recorded a segmental profit of HK$1.5 million in 2015 as compared to HK$8.2 million in 2014 which reflected the combined effect of overall sales decreased and the slightly increase in labour cost.

According to a forecast of The Organisation for Economic Co-operation and Development, the global GDP growth in 2016 will be no higher than 2015's 3% due to subdued global trade, investment and wage growth in advance economies. The flat growth combined with the substantial downside risks on financial market volatility have made the global economy recovery subject to significant uncertainties. Thus we are more pessimistic about sales growth than this time last year so focus of our manufacturing business in 2016 will be still on cost-reduction and efficiency improvement plan such as automation.

Coal mining business

As the Group had not yet started any mining production at the Group's coal mine project in Central Kalimantan Province in the Republic of Indonesia ("PT Bara Mine"), no revenue was recognized from the coal mining business in 2015.

Given that an unfavorable coal market environment continued from 2014 to 2015, no exploration activity, development activity and mining activity was carried out by the Group in 2014 and 2015. In addition, there were no contracts or commitments entered into for arrangement of infrastructure building, mining subcontracting and equipment purchasing in 2014 and 2015. No progress had been made in the land use negotiation with the local landowners and villagers in 2014 and 2015.

No capital expenditure was incurred on mining infrastructure as there was no development activity during 2014 and 2015. Operating expenses related to the Group's mining business charged to statement of profit or loss and other comprehensive income were mainly administrative expenses and amounted approximately HK$0.6 million in 2015 as compared to HK$2.1 million in 2014.

The coal resource estimates as at 31 December 2015 were as follows:

	Coal Resource Estimate (in thousand tonnes)			
JORC Category	As at 31 December 2014	**As at 31 December 2015**	Change in %	Reason of change
Measured	8,705	**8,705**	Nil	N/A
Indicated	11,537	**11,537**	Nil	N/A
Inferred	6,097	**6,097**	Nil	N/A
Total	26,339	**26,339**		

The above coal resources estimates of the PT Bara Mine as at 31 December 2015 were the same as they were previously disclosed in the report dated 2 June 2011 (the "2011 Report") prepared by Roma Oil and Mining Associates Limited ("Roma") under the JORC Code because there was no material change to the project since then.

The Company had engaged Roma Appraisals Limited ("Roma Appraisals") to assist the management to determine the fair value (the "Valuation 2015") and the impairment, if any, of the PT Bara Mine for the year ended 31 December 2015. Roma Appraisals, after considering the different approaches of valuation of asset, had selected to use the Comparable Transaction Method under the market approach in the Valuation 2015. The same methodology and method was selected and used in the valuation of the PT Bara Mine since 2013.

An underlying assumption when using the Comparable Transaction Method is that the terms negotiated and agreed are linked to the coal price at the time of the transaction. Therefore, to compare any project transaction to the Mineral Asset as at the valuation date, it is necessary to establish what the likely transaction value would have been if it had occurred at that date. Roma Appraisals has done this by adjusting the actual transaction parameters at the date of the transaction to the change in coal prices by multiplying the acquisition parameters by the following 'normalising' factor:

US$31.41/tonne (as at 31 December 2015) (US$36.51/tonne as at 31 December 2014) divided by the US$ coal price at the date of the transaction of the comparable project

The selected comparable transactions of coal projects in Indonesia in the last 6 years are set forth in the table below:

Table 1 – Details of comparable transactions

Completion Date	Target Name	Acquirer Name	Location	Percentage (%)	Reserves (Mt)	Consideration (US$ million)
27 Jun 2010	Maruwai Coal Project	Adaro Energy	East and Central Kalimantan	25%	967.50	335.00
19 Jul 2012	Ganda Alam Makmur PT	LG International Corp	Kalimantan	60%	275.00	212.57
28 Feb 2013	Binamitra Sumberarta coal mine	Altura Mining Limited	East Kalimantan	33%	37.94	25.00
28 Oct 2014	TPN	Coal FE Resources Limited	West Sumatra	70%	0.15	0.20

Source: Bloomberg

The relevant coal prices used for the comparable transactions are shown in table below:

Table 2 – Coal Prices utilised in the comparable valuations

Completion Date	Event	Coal Price* (US$/t)	Adjusted Consideration (US$/t)
31 Dec 2015	Effective Valuation Date for the Mineral Asset	31.41	n/a
27 Jun 2010	Adaro Energy purchases Maruwai Coal Project	45.83	0.685
19 Jul 2012	LG International Corp purchases Ganda Alam Makmur PT	53.66	0.585
28 Feb 2013	Altura Mining Limited purchases Binamitra Sumberarta coal mine	47.36	0.663
28 Oct 2014	Coal FE Resources Limited purchases TPN	70.29	0.447

*Using Indonesian Government's Benchmark Thermal Coal Index Price as reference.

To utilize the comparable transactions above in valuing the Mineral Asset, the in-ground coal endowment of the PT Bara Mine is established as follows:

Table 3 – Attributable Coal Resources of Mineral Asset

Resources Category	Coal Resources Tonnage (Million Tonne)	Factor	Factorised Tonnes (Million Tonne)
Measured	8.70	100%	8.70
Indicated	11.50	100%	11.50
Inferred	6.10	0	–
Total	26.30		20.20

The following table summarized the effect of changes in assumptions/parameters and reconciled the fair value change in 2015:

Table 4 – Reconciliation of fair value change

Item	2014	2015	Effect on Fair Value	Fair Value (HK$ million)
As at 31 Dec 2014				206.38
Change in prevailing coal price (US$/tonne)	36.51	31.41	Decrease	(28.01)
Market Transaction Update	1.33	1.16	Decrease	(25.01)
Change in exchange rate *(US$:HK$)*	7.7551	7.7507	Decrease	(0.16)
As at 31 Dec 2015				153.20

Accordingly, an impairment loss of HK$53.2 million was recognized for the year ended 31 December 2015 (2014: HK$44.7 million) being the carrying amount of the PT Bara Mine that exceeded its recoverable amount.

As at the date of this report, no substantial development has been made since the end of 2015. The Company will inform the shareholders of the Company of any further development in the PT Bara Mine project as and when appropriate.

Production and sale of organic agricultural and fertilizers products

The Group had completed the acquisition the Ample One Limited and its subsidiaries (the “Ample Group”) (the “VSA”) in September 2015. As disclosed in the Company’s circular date 31 August 2015 (the “VSA Circular”), Ample Group are principally engaged in the production and sales of organic agricultural and fertilizers products in the PRC. As Ample Group became subsidiaries of the Group, its turnover and profit consolidated into the Group’s financial statements for 2015 were HK$18.1 million and HK$4.1 million respectively.

With rapid economic development and population growth in the PRC, demand for crops will continue to increase which in turn stimulate the demand for fertilizers. And with the increase in health awareness amongst consumers in the PRC, the demand for green food and organic crops will also be increased. Therefore we are optimistic about the demand of organic fertilizer in the PRC agriculture market.

Money lending business

A wholly owned subsidiary of the Company was granted a money lenders licence in September 2014 but did not commence any business until September 2015. Total interest income and segmental profit from the money lending business in 2015 was approximately HK$0.9 million and HK$0.8 million respectively. Depends on the nature and terms and conditions of each loan that made, interest rate was ranged from 7.5% per annum to 36% per annum (or 3% per month).

As disclosed in the Company's circular dated 18 November 2015, the Company will continue its plan to expand its money lending business in 2016.

Others

Other income decreased by HK$9.6 million to HK$4.0 million was mainly due to the written back of unsecured loan with accrued interest of HK$9.7 million in 2014 and there was no such expense in 2015.

Administrative expenses increased by HK$6.3 million mainly due to the extra administrative expenses of the microorganism fertilizers business which were consolidated upon completion of the acquisition in September 2015.

As all outstanding convertible bonds issued by the Company were either converted or redeemed in 2014, therefore there was no fair value gain on derivative components of convertible bonds in 2015 (2014: HK$45.6 million).

Net gain of HK$39.0 million (2014: Nil) on fair value changes on financial assets at fair value through profit or loss was mainly due to the net combine effect of a gain of HK$42.5 million on the fair value change on the Convertible Bonds and loss of HK$3.5 million on fair value changes on other financial assets of the Company. The Convertible Bonds issued by Pan Asia Mining Limited in the principal amount of US$13 million were acquired by the Company at the consideration of HK$20.5 million in cash in November 2015. Full details of the Convertible Bonds were set out in the Company's announcement dated 19 November 2015.

Finance costs increased by HK$1.9 million to HK$8.2 million (2014: HK$6.3 million) mainly due to the interest on promissory note issued upon completion of the VSA in September 2015 to satisfy the remaining balance of the consideration for the VSA.

THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 31 December 2015, the Group had cash and bank deposits of HK$309.1 million (2014: HK$31.3 million) and a foreign currency deposits denominated in Renminbi ("RMB") amounted to HK$6.8 million (2014: HK$4.8 million).

Current ratio

As at 31 December 2015, the Group had net current assets of HK$29.5 million (2014: HK$1.2 million) and current ratio (being current assets over current liabilities) of 1.07 (2014: 1.01).

Debts and borrowings

As at 31 December 2015, the Group had total debts and borrowings of HK$262.7 million (2014: HK$15.2 million) which mainly including unsecured loan from a financial institute, secured bank loan and secured other loans of HK$10.1 million in total (2014: HK$14.8 million) and promissory note of HK$252.3 million (2014: Nil). The promissory note issued upon completion of the VSA in September 2015 to satisfy the remaining balance of the consideration for the VSA.

Gearing ratio

The Group's gearing ratio being total debt over total equity is 0.9 (2014: 0.06).

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 are 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.

Material Acquisitions and Disposal of Subsidiaries

The Group had completed the VSA in September 2015 with a consideration of HK$300 million which was satisfied by HK$30 million cash and the issue of HK$270 million of promissory notes by the Company. The VSA was approved by the shareholders of the Company in a special general meeting of the Company on 16 September 2015. Full details of the VSA are set out in the Company's announcement and circular dated 21 April and 28 August 2015 respectively.

Save as disclosed above, the Group had neither any material acquisition nor disposal in 2015.

Material Contingent Liabilities

The Group is not aware of any material contingent liabilities as at 31 December 2015.

Employees and Remuneration Policy

As at 31 December 2015, the Group had 30 employees (2014: 28) in Hong Kong, 729 employees (2014: 808) in PRC and 2 employees (2014: 2) in Indonesia. Employees' remuneration are given and reviewed based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group's business results and employees' individual merit.

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

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.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

CORPORATE GOVERNANCE

During the year ended 31 December 2015, the Company has complied with all provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules except for the following:

(a) 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. As Directors' appointment will be reviewed when they are due for reelection 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 2015.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. The work performed by ZHONGHUI ANDA CPA Limited 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 ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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 2015, 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, 30 March 2016

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

* *For identification purpose only*