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 2016

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 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Revenue	3	**265,020**	179,455
Cost of sales		**(164,306)**	(128,317)
Gross profit		**100,714**	51,138
Other income	4	**4,166**	4,047
Selling and distribution expenses		**(13,391)**	(5,868)
Administrative expenses		**(92,367)**	(69,281)
Loss from operations		**(878)**	(19,964)
Reversal of impairment loss/(impairment loss) on exploration and evaluation assets		**18,770**	(53,180)
Loss on settlement of promissory note		**(21,540)**	–
Net (loss)/gain on fair value changes on financial assets at fair value through profit of loss		**(37,391)**	39,039
Loss on fair value changes on derivative financial instrument		**(1,697)**	–
Share of results of a joint venture		**(201)**	78
Finance costs	6	**(2,404)**	(8,200)

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Loss before tax		**(45,341)**	(42,227)
Income tax credit/(expense)	7	**6,242**	(7,057)
Loss for the year	8	**(39,099)**	(49,284)
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(8,814)**	(4,245)
Items that will not be reclassified to profit or loss:			
Loss on property revaluation		**(3,056)**	(2,649)
Other comprehensive loss for the year, net of tax		**(11,870)**	(6,894)
Total comprehensive loss for the year		**(50,969)**	(56,178)
Profit/(loss)for the year attributable to:			
Owners of the Company		**(39,237)**	(49,090)
Non-controlling interests		**138**	(194)
		(39,099)	(49,284)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(50,743)**	(55,984)
Non-controlling interests		**(226)**	(194)
		(50,969)	(56,178)
Loss per share	9		(Restated)
Basic *(cents per share)*		**(3.11)**	(17.26)
Diluted *(cents per share)*		**N/A**	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Non-current assets			
Exploration and evaluation assets		**171,970**	153,200
Property, plant and equipment		**93,831**	84,589
Goodwill		**45,977**	45,977
Intangible asset	10	**131,250**	146,250
Investment in a joint venture		**–**	446
Financial assets at fair value through profit or loss	11	**27,684**	62,956
Loans and interests receivables	12	**–**	15,000
Other assets		**1,505**	25,076
		472,217	533,494
Current assets			
Inventories		**38,778**	33,204
Trade and other receivables	13	**103,572**	74,411
Financial assets at fair value through profit or loss	11	**86**	2,205
Derivative financial instrument		**–**	1,697
Loans and interests receivables	12	**97,405**	3,365
Bank and cash balances		**19,894**	309,105
		259,735	423,987
Current liabilities			
Trade and other payables	14	**(99,902)**	(378,969)
Borrowings		**(23,350)**	(10,050)
Finance lease payables		**(154)**	(148)
Current tax liabilities		**(5,159)**	(5,314)
		(128,565)	(394,481)
Net current assets		**131,170**	29,506
Total assets less current liabilities		**603,387**	563,000
Non-current liabilities			
Finance lease payables		**(13)**	(167)
Deferred tax liabilities		**(10,240)**	(18,322)
Borrowings		**(8,364)**	–
Promissory note	15	**–**	(252,323)
		(18,617)	(270,812)
NET ASSETS		**584,770**	292,188
Capital and reserves			
Share capital		**58**	9,618
Reserves		**581,720**	279,861
Equity attributable to owners of the Company		**581,778**	289,479
Non-controlling interests		**2,992**	2,709
TOTAL EQUITY		**584,770**	292,188

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 2016. 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:

	2016	2015
	HK$'000	*HK$'000*
Manufacture and sale of healthcare and household products	**207,200**	160,506
Production and trading of agricultural and fertilizers products	**49,920**	18,089
Interest income from money lending business	**7,900**	860
	265,020	179,455

4. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Income from scrap sales	**211**	36
Interest income	**2,054**	286
Dividend income	**–**	152
Government grants	**901**	125
Rental income	**608**	–
Reversal of inventories provision	**–**	2,550
Others	**392**	898
	4,166	4,047

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:

	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 2016:					
Revenue	**49,920**	**7,900**	**–**	**207,200**	**265,020**
Segment (loss)/profit	**2,495**	**7,886**	**(542)**	**10,799**	**20,638**
Finance costs	**603**	**–**	**–**	**544**	**1,147**
Depreciation	**2,171**	**–**	**2**	**3,556**	**5,729**
Income tax expense	**273**	**–**	**–**	**29**	**302**
Other material non-cash items:					
Reversal of impairment of assets	**–**	**–**	**(18,770)**	**–**	**(18,770)**
Additions to segment non-current assets	**5,561**	**–**	**–**	**5,073**	**10,634**
At 31 December 2016:					
Segment assets	**281,137**	**97,479**	**171,893**	**143,242**	**693,751**
Segment liabilities	**12,264**	**15**	**–**	**92,177**	**104,456**
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

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

	2016	2015
	HK$'000	*HK$'000*
Revenue:		
Total revenue of reportable segments and consolidated revenue	**265,020**	179,455
Profit or loss:		
Total profit of reportable segments	**20,638**	5,785
Corporate and unallocated profit or loss	**(59,737)**	(55,069)
Consolidated loss for the year	**(39,099)**	(49,284)
Assets:		
Total assets of reportable segments	**693,751**	594,452
Corporate and unallocated assets:		
– Bank and cash balances	**3,896**	295,273
– Financial assets at fair value through profit or loss	**27,770**	65,161
– Others	**6,535**	2,595
Consolidated total assets	**731,952**	957,481
Liabilities:		
Total liabilities of reportable segments	**104,456**	86,963
Corporate and unallocated liabilities		
– Promissory note	**–**	252,323
– Others	**42,726**	326,007
Consolidated total liabilities	**147,182**	665,293

Geographical information:

	2016	2015
	HK$'000	*HK$'000*
Revenue:		
United States of America	**62,355**	59,580
The People's Republic of China (the "PRC")	**117,298**	42,767
Germany	**37,012**	19,365
France	**11,517**	7,944
Italy	**1,157**	6,692
United Kingdom	**8,485**	13,197
Japan	**2,532**	3,052
Hong Kong and others	**24,664**	26,858
	265,020	179,455

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:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**71,642**	47,357
Customer B	**N/A***	22,814
Customer C	**26,773**	18,082
Customer D	**37,740**	–

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

* Customer did not contribute more than 10% of the total consolidated revenue of the Group for the year ended 31 December 2016.

	2016	2015
	HK$'000	*HK$'000*
Non-current assets:		
Indonesia	**171,970**	153,203
The PRC	**271,929**	302,495
Hong Kong and others	**28,318**	77,796
	472,217	533,494

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interests on bank loans	**862**	202
Interests on other unsecured loans	**425**	308
Interests on promissory note	**1,107**	7,673
Finance leases charges	**10**	17
	2,404	8,200

7. INCOME TAX CREDIT/(EXPENSE)

	2016	2015
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**(302)**	(510)
Deferred tax	**6,544**	(6,547)
	6,242	(7,057)

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 (2015: 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 credit/(expense) and the product of loss before tax multiplied by Hong Kong Profits Tax rate is as follows:

	2016	2015
	HK$'000	*HK$'000*
Loss before tax	**45,341**	42,227
Tax at the domestic income tax rate of 16.5% (2015: 16.5%)	**7,481**	6,967
Tax effect of non-taxable income	**4,308**	3,242
Tax effect of non-deductible expenses	**(14,255)**	(20,860)
Tax effect of temporary differences not recognised	**943**	(973)
Tax effect of utilisation of tax losses not previously recognised	**2,327**	2,252
Effect of different tax rates of subsidiaries	**5,438**	2,315
Income tax credit/(expense) for the year	**6,242**	(7,057)

8. LOSS FOR THE YEAR

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

	2016	2015
	HK$'000	*HK$'000*
Auditor's remuneration	**770**	700
Cost of inventories sold#	**164,306**	128,317
Depreciation	**6,172**	5,213
Amortisation	**15,000**	3,750
Net loss/(gain) on fair value changes on financial assets at fair value through profit or loss	**37,391**	(39,039)
(Reversal of impairment)/impairment loss on exploration and evaluation assets	**(18,770)**	53,180
Reversal of provision of inventories	**–**	(2,550)
Impairment of trade and other receivables	**4,405**	–
Net exchange (gains)/losses	**(327)**	627
Operating lease charges in respect of land and buildings	**5,875**	4,798
Research and development costs*	**3,735**	2,967
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**74,057**	61,915
– Retirement benefits scheme contributions	**390**	390
	74,447	62,305

\# Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$33,517,000 in total (2015: approximately HK$27,906,000), which are included in the amounts disclosed separately above.

* Research and development costs include staff costs of approximately HK$3,643,000 (2015: approximately HK$2,813,000) which are included in the amount disclosed separately above.

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$39,237,000 (2015: approximately HK$49,090,000) and the weighted average number of ordinary shares of 1,261,706,510 (2015: 284,423,385 ordinary shares as adjusted to reflect the impact of open offer) 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 2016 and 2015.

10. INTANGIBLE ASSET

	Unpatented Technology
	HK$'000
Cost	
At 1 January 2015	**–**
Acquisition of a subsidiary	**150,000**
At 31 December 2015, 1 January 2016 and 31 December 2016	**150,000**
Accumulated amortisation and impairment losses	
At 1 January 2015	**–**
Amortisation for the year	**3,750**
At 31 December 2015 and 1 January 2016	**3,750**
Amortisation for the year	**15,000**
At 31 December 2016	**18,750**
Carrying amount	
At 31 December 2016	**131,250**
At 31 December 2015	**146,250**

The unpatented technology represents technical know-how and technology specification of the microorganism fertilizers held by a subsidiary of the Company. It was stated at cost at initiation less accumulated amortisation and impairment losses. Amortisation is calculated on straight-line basis over its estimated useful life of 10 years. As at 31 December 2016, it is still under the registration of patent. In the opinions of the directors of the Company, the process of registration of patent and its progress is healthy and smoothly, which is within the expectation of the Company.

The Company has carried out an independent review over the intangible asset by engaging an independent valuer, Crowe Horwath (HK) Consulting & Valuation Limited (2015: Roma Appraisals Limited), to conduct an independent assessment of the recoverable amount of the intangible asset with reference made to the profit forecast and cash flow projection as approved by the management and the value in use calculation. As the recoverable amount of the intangible asset is higher than the carrying amount as at 31 December 2016, no impairment loss is recognised for the year ended 31 December 2016. The pre-tax discount rate used for estimating the value in use is 18% (2015: 18.19%) which the directors considered appropriate to reflect the Company's cost of equity.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**2016** **HK$'000**	2015 HK$'000
Convertible bonds, at fair value	(a)	**27,684**	62,956
Equity securities listed in Hong Kong, at fair value	(b)	**86**	2,205
		27,770	65,161
Analysed as:			
Current assets		**86**	2,205
Non-current assets		**27,684**	62,956
		27,770	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 Union Asia Enterprise Holdings Ltd ("Union Asia") (formerly known as 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, Crowe Horwath (HK) Consulting & Valuation Limited (2015: Roma Appraisals Limited), to carry out an independent valuation of the convertible bonds. Subsequent to the year ended 31 December 2016, the Union Asia has been suspended for trading on 20 March 2017. As a result, a fair value loss of approximately HK$35,272,000 (2015: a fair value gain of approximately HK$42,481,000) was recognised for the year ended 31 December 2016.

(b) At 31 December 2016, the fair value of the listed equity securities, amounting to approximately HK$86,000 (2015: approximately HK$2,205,000), was determined based on the quoted market bid prices of the corresponding listed equity securities.

12. LOANS AND INTERESTS RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Loans receivables	**95,700**	18,000
Interests receivables	**1,705**	365
	97,405	18,365
Analysed for reporting purposes as:		
– Non-current assets	**–**	15,000
– Current assets	**97,405**	3,365
	97,405	18,365

The aging analysis of loans receivables prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 to 6 months	**40,700**	3,000
7 to 12 months	**40,000**	15,000
Over 12 months	**15,000**	–
	95,700	18,000

Loan receivables as at 31 December 2016 represented secured and unsecured loans granted to independent third parties/companies with principal amount of HK$15,000,000 (2015: HK$15,000,000 classified as non-current asset) and HK$80,700,000 (2015: HK$3,000,000) in total, respectively. The directors of the Company monitored the collectibility of the loans receivables closely with reference to their respective current creditworthiness and repayment records. As at 31 December 2016, a total of loans receivables amounting to HK$15,500,000 were past due and in the process of renewal. The management believes that no impairment allowance is necessary in respect of the loans receivables as they are considered fully recoverable.

13. TRADE AND OTHER RECEIVABLES

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

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**16,479**	11,134
31 to 90 days	**21,588**	15,497
91 to 180 days	**15,351**	6,533
Over 180 days	**2,688**	4,702
	56,106	37,866

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 2016, trade receivables and bills receivables of approximately HK$2,189,000 (2015: approximately, HK$770,000) are assigned to a bank for a factoring loan facilities.

14. TRADE AND OTHER PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**5,949**	7,111
31 to 90 days	**12,806**	10,290
91 to 180 days	**3,755**	177
Over 180 days	**897**	942
	23,407	18,520

15. PROMISSORY NOTE

During the year, the principal amount of the promissory note together with the interest being accrued up to the settlement date was fully settled by the Company upon completion of the open offer. A loss on settlement of the promissory note of approximately HK$21,540,000 was recognised for the year ended 31 December 2016.

The movement of the carrying amount of promissory note is set out below:

	2016	2015
	HK$'000	*HK$'000*
At beginning of the reporting period	**252,323**	–
Acquisition of a subsidiary	**–**	244,650
Interest charged calculated at an effective interest rate	**1,107**	7,673
Loss on settlement of promissory note	**21,540**	–
Repayment of promissory note	**(274,970)**	–
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 2016 (2015: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS REVIEW AND OUTLOOK

Results for the year

Revenue of the Group for the year ended 31 December 2016 amounted to HK$265.0 million, which represented an increase of 48% as compared to HK$179.5 million in 2015.

The consolidated loss of the Group for the year ended 31 December 2016 amounted to HK$39.1 million. This represented a decrease of approximately HK$10.2 million or 21% as compared to the loss of HK$49.3 million in 2015.

Following is the review of the principal activities of the Group in 2016 and outlook of the Group's business in 2017.

Manufacture and sale of healthcare and household products

As mentioned in our Interim Report 2016, the revenue of the Group's manufacturing business has increased by 20% in the first half of 2016 when compared to the revenue in the corresponding period in 2015. This trend has continued and increased in the second half of 2016 and revenue for 2016 was increased to HK$207.2 million or by 29% as compared to HK$160.5 million in 2015. The increase reflected a combined effect of sales volume changes in different locations of customers with decrease from Italy, Japan and United Kingdom and prominent increase from Germany and the People's Republic of China (the "PRC"). As mentioned in our Interim Report 2016, the PRC market was our focus in 2016 and our PRC sales had increased approximately 174% from HK$24.6 million in 2015 to HK$67.4 million in 2016.

Gross profit margin increased from 24.3% in 2015 to 28.5% in 2016 mainly due to decrease in raw material cost and a slight increase in labour productivity. Gross profit increased by HK$19.9 million to HK$59 million in 2016 as compared to HK$39.1 million in 2015. The increase in gross profit was attributable to the abovementioned increase in revenue and gross profit margin. Overall, the Group's manufacturing business recorded a segmental profit of HK$10.8 million in 2016 as compared to HK$1.5 million in 2015.

In the beginning of 2017, the International Monetary Fund had upgraded its growth forecast for China's economy in 2017 to 6.5 percent, 0.3 percentage points higher than their forecast in last October. As such we are optimistic about sales in the PRC market and it will continue be our focus in 2017. On the other hand, we expect a flat growth in 2017 for United States of America, France, Italy, Japan and United Kingdom due to recovery in these traditional markets are less certain. Apart from focus on developing the PRC market, we will continue our efforts in new products development and operational improvement in 2017.

Coal mining business

In 2016 the Group did not have any production at the coal mine project in Central Kalimantan Province in the Republic of Indonesia ("PT Bara Mine"), as such no revenue was recognized from the coal mining business for the year under review.

There was still no exploration activity, development activity and mining activity in the PT Bara Mine in 2015 and 2016. In addition, there was no contract enter or commitment for arrangement of infrastructure building, mining subcontracting and equipment purchasing in 2015 and 2016. No progress had been made in the land use negotiation with the local landowners and villagers in 2015 and 2016.

No capital expenditure was incurred on mining infrastructure as there was still no development activity during 2016. 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$0.5 million in 2016 as compared to HK$0.6 million in 2015.

The coal resource estimates as at 31 December 2016 were as follows:

	Coal Resource Estimate			
JORC Category	As at 31 December 2015	**As at 31 December 2016**	**Change in %**	**Reason of change**
	(in thousand tonnes)			
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 estimate of the PT Bara Mine as at 31 December 2016 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 and there was no material change to the status of the project since then.

The Company had engaged Greater China Appraisal Limited ("GCA") to assist the management to determine the fair value (the "Valuation 2016") and the impairment, if any, of the PT Bara Mine for the year ended 31 December 2016. GCA, after considering the different approaches of valuation of asset, had selected to use the Comparable Transaction Method under the market approach in the Valuation 2016. 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. GCA 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$50.09/tonne (as at 31 December 2016) (US$31.41/tonne as at 31 December 2015) divided by the US$ coal price at the date of the transaction of the comparable project

The selected comparable transactions of coal projects in Indonesia in the last 5 years are set forth in the table below:

Table 1 – Details of comparable transactions

Completion Date	Target/ Project Name	Acquirer Name	Location	Percentage	Reserves	Consideration
				(%)	*(Mt)*	*(US$ million)*
29 Jun 2012	Ganda Alam Makmur PT	LG International Corp	Kalimantan	60%	275.00	212.57
28 Feb 2013	PT Delta Ultima Coal	Altura Mining Limited	Kalimantan	33%	37.94	25.00
3 Jul 2014	Bumi Resources Tbk PT	China Investment Corp	Kalimantan	19%	9,307.00	950.00
26 Dec 2015	Borneo International Pte Ltd	Geo Energy Resources Ltd	Kalimantan	34%	52.50	25.00
18 Jul 2016	PT Tanah Bumbu Resources	Geo Energy Resources Ltd	Kalimantan	99%	55.50	90.00

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 2016	Effective Valuation Date for the Mineral Asset	50.09	n/a
29 Jun 2012	LG International Corp acquired Ganda Alam Makmur PT	75.14	0.86
28 Feb 2013	Altura Mining Limited acquired PT Delta Utima Coal	69.17	1.43
3 Jul 2014	China Investment Corp acquired Bumi Resources Tbk PT	57.73	0.47
26 Dec 2015	Geo Energy Resources Ltd acquired Borneo International Pte Ltd.	44.10	1.61
18 Jul 2016	Geo Energy Resources Ltd acquired PT Tanah Bumbu Resources	43.74	1.88

* *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 Tonnes (Million Tonne)	GCA Factor	GCA Factorised Tonnes (Million Tonne)
Measured	8.71	100%	8.71
Indicated	11.54	80%	9.23
Inferred	6.10	0	–
Total	26.35		17.94

The following table summarized the effect of changes in assumptions/parameters and reconciled the fair value change in 2016:

Table 4 – Reconciliation of fair value change

Item	2015	**2016**	**Effect on Fair Value**	**Fair Value** *(HK$ million)*
As at 31 Dec 2015				153.2
Change in prevailing coal price (US$/tonne)	31.41	50.09	Increase	31.8
Market transaction update	1.16	1.25	Increase	4.1
Change in exchange rate (US$:HK$)	7.7507	7.7559	Increase	0.1
Valuation adjustment on the Indicated Resources	–	20%	Decrease	(17.2)
As at 31 Dec 2016				172.0

As shown in the above tables, the assumptions changes in 2016 valuation were: (1) prevailing coal price; (2) market transaction reference; (3) exchange rate and (4) valuation adjustment on the Indicated Resources. The primary change in valuation assumption would be the increase in prevailing coal price (which is the dominant factor for the increase in valuation) and this resulted the fair value increased in 2016. The increase in prevailing coal price and the change in exchange rate were mainly affected by the global economy and market environment. For the market transaction applied, there were more recent comparable transaction with available information in the market and applied in the valuation. In accordance with the VALMIN Code (2015), GCA is required to precisely study the procedure on how resource estimation was done. Based on the Technical Report and Resource Statement of the Project prepared by SRK dated September 2010, there is no mention of whether outcrops of each seams have been adjusted in the process of resource estimation and the depth of each seam used for resource estimation remains unknown. Given the uncertainties, an estimated 20% discount on the Indicated Resources has been applied.

Based on the Valuation 2016, the recoverable amount of the exploration and evaluation assets exceeded the carrying amount as at 31 December 2016. Accordingly, a reversal of impairment losses of HK$18.8 million was recognized for the year ended 31 December 2016 (2015: impairment losses of HK$53.2 million).

Despite the recovery in coal prices in 2016, we are still caution about the development of the PT Bara Mine and as at the date of this report and have no plan to carry out any exploration, development and mining activity in 2017. Nevertheless, the Company will inform the shareholders of the Company of any further development of the PT Bara Mine as and when appropriate.

Production and sale of organic agricultural and fertilizers products

This was the first full financial year after the completion of the acquisition of the organic agricultural and fertilizers business in September 2015. Revenue of this reportable segment for the year under review was approximately HK$49.9 million and represented an increase of 176.0% in revenue as compared to HK$18.1 million for the three-month period under review in 2015. Gross profit margin increased from 62.0% in 2015 to 68.0% in 2016 mainly due to improve operational efficiency. Segment profit for 2016 was approximately HK$2.5 million (2015: HK$4.0 million). Such decrease was mainly due to the charging of a full year of amortization costs of HK$15 million (2015: HK$3.75 million) and impairment provision for certain long outstanding trade receivable.

As mentioned in our Interim Report 2016, we are optimistic about the demand of organic fertilizer, green food and organic crops in the PRC market as the population is becoming more health-conscious due to the growth in living standards. As such we expect growth in this segment will be steady in 2017.

Money lending business

The segmental revenue being interest income from the Group's money lending business in 2016 was HK$7.9 million (2015: HK$0.9 million). Depending on the nature and terms and conditions of each loan that was made, interest rate ranged from 7.5% per annum to 15% per annum during the year under review. Total loans and interests receivables as at 31 December 2016 was HK$97.4 million (31 December 2015: HK$18.4 million).

As the money lending business has provided a steady stream of income, we will continue to expand its business with the Group's available resources in 2017.

Others

Net loss of HK$37.4 million (2015: Net gain of HK$39.0 million) on fair value changes on financial assets at fair value through profit or loss was mainly due to a fair value loss of HK$35.3 million (2015: fair value gain of 42.5 million) on the convertible bonds held by the Company. Please refer to Note 11(a) of this announcement regarding other details of the convertible bonds and the fair value loss.

Finance costs decreased by HK$5.8 million to HK$2.4 million (2015: HK$8.2 million) mainly due to no interest was charged on promissory note after the settlement of it in January 2016.

Conclusion

Loss from operations for the Group has been decreased from HK$20.0 million in 2015 to HK$0.9 million in 2016 due to contribution from new business segments as well as higher revenue and higher profit margin in our subsisting business segment. As such we will continue our strategy to seek other business opportunities in the Asia Pacific region and to explore the feasibility of expanding into other business sectors to improve the Group's potential for expansion and growth. In the event that business opportunities arise and additional funds are contemplated for such opportunities, the Company will consider possibility of fund raising by way of debt and/or equity.

THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 31 December 2016, the Group had cash and bank deposits of HK$19.9 million (2015: HK$309.1 million) including a foreign currency deposits denominated in Renminbi ("RMB") amounted to HK$3.2 million (2015: HK$6.8 million).

Current ratio

As at 31 December 2016, the Group had net current assets of HK$131.2 million (2015: HK$29.5 million) and current ratio (being current assets over current liabilities) of 2.02% (2015: 1.07%).

Debts and borrowings

As at 31 December 2016, the Group had total debts and borrowings of HK$31.9 million (2015: HK$262.7 million) which included unsecured loan from a financial institute, secured bank loan and secured factoring loans in total of HK$31.7 million (2015: HK$10.1 million) (2015: included a promissory note of HK$252.3) million).

Gearing ratio

The Group's gearing ratio being total debt over total equity is 0.05% (2015: 0.9%).

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 profiles 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 neither any material acquisition nor disposal in 2016.

Material Contingent Liabilities

The Group is not aware of any material contingent liabilities as at 31 December 2016.

Employees and Remuneration Policy

As at 31 December 2016, the Group had 31 employees (2015: 30) in Hong Kong, 806 employees (2015: 729) in PRC and 2 employees (2015: 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 2016 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 2016 (2015: Nil).

CORPORATE GOVERNANCE

During the year ended 31 December 2016, 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 all director's appointment is subject to review when they are due for re-election, 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 2016.

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 2016 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 2016. 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 2016, 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, 28 March 2017

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*