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 2017

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 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Revenue	*3*	**199,218**	265,020
Cost of sales		**(136,094)**	(164,306)
Gross profit		**63,124**	100,714
Other income	*4*	**7,435**	4,166
Selling and distribution expenses		**(11,935)**	(13,391)
Administrative expenses		**(85,234)**	(92,367)
Loss from operations		**(26,610)**	(878)
Loss on settlement of promissory note		**–**	(21,540)
Reversal of impairment loss on exploration and evaluation assets		**27,310**	18,770
Loss on revaluation of property, plant and equipment		**(5,734)**	–
Net gain/(loss) on fair value changes on financial assets at fair value through profit of loss		**1,551**	(37,391)
Loss on fair value changes on derivative financial instrument		**–**	(1,697)
Loss on impairment of Goodwill		**(36,000)**	–
Share of results of a joint venture		**–**	(201)
Finance costs	*6*	**(4,707)**	(2,404)

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Loss before tax		**(44,190)**	(45,341)
Income tax (expense)/credit	*7*	**(185)**	6,242
Loss for the year	*8*	**(44,375)**	(39,099)
Other comprehensive profit/(loss):			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**9,500**	(8,814)
Items that will not be reclassified to profit or loss:			
Gain/(loss) on property revaluation		**12,867**	(3,056)
Other comprehensive profit/(loss) for the year, net of tax		**22,367**	(11,870)
Total comprehensive loss for the year		**(22,008)**	(50,969)
Loss for the year attributable to:			
Owners of the Company		**(43,664)**	(39,237)
Non-controlling interests		**(711)**	138
		(44,375)	(39,099)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(22,261)**	(50,743)
Non-controlling interests		**253**	(226)
		(22,008)	(50,969)
			(Restated)
Loss per share	*9*		
Basic *(cents per share)*		**(2.51)**	(2.87)
Diluted *(cents per share)*		**N/A**	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Exploration and evaluation assets		**199,280**	171,970
Property, plant and equipment		**113,286**	93,831
Goodwill		**9,977**	45,977
Intangible asset	10	**116,250**	131,250
Financial assets at fair value through profit or loss	11	**29,422**	27,684
Other assets		**4,782**	1,505
		472,997	472,217
Current assets			
Inventories		**38,782**	38,778
Trade and other receivables	13	**102,577**	103,572
Financial assets at fair value through profit or loss	11	**1,058**	86
Loans and interests receivables	12	**101,173**	97,405
Bank and cash balances		**306,018**	19,894
		549,608	259,735
Current liabilities			
Trade and other payables	14	**(109,599)**	(99,902)
Borrowings		**(20,663)**	(23,350)
Finance lease payables		**(320)**	(154)
Current tax liabilities		**(4,459)**	(5,159)
		(135,041)	(128,565)
Net current assets		**414,567**	131,170
Total assets less current liabilities		**887,564**	603,387
Non-current liabilities			
Finance lease payables		**(1,046)**	(13)
Deferred tax liabilities		**(13,430)**	(10,240)
Borrowings		**–**	(8,364)
		(14,476)	(18,617)
NET ASSETS		**873,088**	584,770
Capital and reserves			
Share capital		**289**	58
Reserves		**869,554**	581,720
Equity attributable to owners of the Company		**869,843**	581,778
Non-controlling interests		**3,245**	2,992
TOTAL EQUITY		**873,088**	584,770

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 2017. 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 except as describe below.

a. HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from HKAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables, loan receivables and other receivables. The directors do not expect the impact to be material however.

b. HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer

2. Identify the performance obligations in the contract

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations in the contract

5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

Other than the disclosure requirement, the adoption of HKFRS 15 will not have significant impact on the consolidated financial statements.

c. HKFRS 16 Lease

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's leased premises are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its leased premises amounted to HK$17,783,000 as at 31 December 2017. The Company will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

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:

	2017	2016
	HK$'000	*HK$'000*
Manufacture and sale of healthcare and household products	**151,448**	207,200
Production and trading of agricultural and fertilizers products	**34,089**	49,920
Interest income from money lending business	**13,681**	7,900
	199,218	265,020

4. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Income from scrap sales	**278**	211
Interest income	**2,032**	2,054
Rental income	**300**	608
Government grants	**231**	901
Reversal of impairment of trade receivables	**2,738**	–
Others	**1,856**	392
	7,435	4,166

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 amortization of intangible assets, impairment of goodwill, loss on revaluation of property, plant and equipment, net gain/loss on fair value of financial assets at fair value through profit or loss, reversal of impairment loss on exploration and evaluation assets, loss on settlement of promissory note and unallocated corporate income and expenses. Segment assets do not include financial assets at fair value through profit or loss 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 2017:					
Revenue	**34,089**	**13,681**	**–**	**151,448**	**199,218**
Segment (loss)/profit	**8,632**	**13,665**	**(904)**	**(11,916)**	**9,477**
Finance costs	**739**	**–**	**–**	**648**	**1,387**
Depreciation and amortisation	**17,380**	**–**	**1**	**4,195**	**21,576**
Income tax expense	**44**	**–**	**–**	**229**	**273**
Other material non-cash items:					
Reversal of impairment of assets	**–**	**–**	**(27,310)**	**–**	**(27,310)**
Impairment of goodwill	**36,000**	**–**	**–**	**–**	**36,000**
Additions to segment non-current assets	**7,887**	**–**	**17**	**3,199**	**11,103**
At 31 December 2017:					
Segment assets	**259,060**	**101,272**	**198,501**	**129,812**	**688,645**
Segment liabilities	**23,864**	**15**	**–**	**99,059**	**122,938**
Year ended 31 December 2016:					
Revenue	49,920	7,900	–	207,200	265,020
Segment (loss)/profit	17,495	7,886	(542)	10,799	35,638
Finance costs	603	–	–	544	1,147
Depreciation and amortisation	17,171	–	2	3,556	20,749
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

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

	2017 *HK$'000*	2016 *HK$'000*
Revenue:		
Total revenue of reportable segments and consolidated revenue	**199,218**	265,020
Profit or loss:		
Total profit of reportable segments	**9,477**	35,638
Corporate and unallocated profit and loss	**(53,852)**	(74,737)
Consolidation loss for the year	**(44,375)**	(39,099)
Assets:		
Total assets of reportable segments	**688,645**	693,751
Corporate and unallocated assets:		
– Bank and cash balances	**289,784**	3,896
– Financial assets at fair value through profit or loss	**30,480**	27,770
– Others	**13,696**	6,535
Consolidated total assets	**1,022,605**	731,952
Liabilities:		
Total liabilities of reportable segments	**122,938**	104,456
Corporate and unallocated liabilities	**26,579**	42,726
Consolidated total liabilities	**149,517**	147,182

Geographical information:

	2017 *HK$'000*	2016 *HK$'000*
Revenue:		
United States of America	**56,632**	62,355
The People's Republic of China (the "PRC")	**75,585**	117,298
Germany	**18,489**	37,012
France	**14,183**	11,517
Italy	**–**	1,157
United Kingdom	**5,363**	8,485
Japan	**2,271**	2,532
Hong Kong and others	**26,695**	24,664
	199,218	265,020

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.

	2017	2016
	HK$'000	*HK$'000*
Non-current assets:		
Indonesia	**199,297**	171,970
The PRC	**241,855**	271,929
Hong Kong and others	**2,423**	634
	443,575	444,533

Revenue from major customers:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**50,627**	71,642
Customer B	**N/A***	26,773
Customer C	**21,757**	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 2017.

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interests on bank loans	**709**	862
Interests on other secured loan	**–**	425
Interests on other unsecured loans	**3,950**	–
Interests on promissory note	**–**	1,107
Finance leases charges	**48**	10
	4,707	2,404

7. INCOME TAX (EXPENSE)/CREDIT

	2017	2016
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**(273)**	(302)
Deferred tax	**88**	6,544
	(185)	6,242

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 (2016: 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)/credit and the product of loss before tax multiplied by Hong Kong Profits Tax rate is as follows:

	2017	2016
	HK$'000	*HK$'000*
Loss before tax	**44,190**	45,341
Tax at the domestic income tax rate of 16.5% (2016: 16.5%)	**7,291**	7,481
Tax effect of non-taxable income	**12,083**	4,308
Tax effect of non-deductible expenses	**(19,307)**	(14,255)
Tax effect of temporary differences not recognised	**88**	943
Tax effect of utilization of tax loses not previously recognised	**3,252**	2,327
Tax effect of tax losses not recognised	**(6,474)**	–
Effect of different tax rates of subsidiaries	**2,882**	5,438
Income tax (expense)/credit for the year	**(185)**	6,242

8. LOSS FOR THE YEAR

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

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration	**770**	770
Cost of inventories sold#	**139,369**	164,306
Depreciation	**7,446**	6,172
Amortisation	**15,000**	15,000
Net (gain)/loss on fair value changes on financial assets at fair value through profit or loss	**(1,551)**	37,391
Reversal of impairment on exploration and evaluation assets	**(27,310)**	(18,770)
Impairment of goodwill	**36,000**	–
Impairment of trade and other receivables	**–**	4,405
Net exchange losses/(gains)	**15**	(327)
Operating lease charges in respect of land and buildings	**5,447**	5,875
Research and development costs	**481**	3,735
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**74,531**	74,057
– Retirement benefits scheme contributions	**445**	390
	74,976	74,447

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$33,560,000 in total (2016: approximately HK$33,517,000), which are included in the amounts 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$43,664,000 (2016: approximately HK$39,237,000) and the weighted average number of ordinary shares of 1,736,240,588 (2016: 1,369,467,920 restated) 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 2017 and 2016.

10. INTANGIBLE ASSET

	Unpatented Technology *HK$'000*
Cost	
At 31 December 2016, 1 January 2017 and 31 December 2017	150,000
Accumulated amortisation and impairment losses	
At 31 December 2015 and 1 January 2016	3,750
Amortisation for the year	15,000
At 31 December 2016 and 1 January 2017	18,750
Amortisation for the year	15,000
At 31 December 2017	**33,750**
Carrying amount	
At 31 December 2017	**116,250**
At 31 December 2016	131,250

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 2017, 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, Greater China Appraisal Limited (2016: Crowe Horwath (HK) Consulting & Valuation 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 2017, no impairment loss is recognised for the year ended 31 December 2017 (2016: Nil). The pre-tax discount rate used for estimating the value in use is 18.5% (2016: 18%) which the directors considered appropriate to reflect the Company's cost of equity.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Convertible bonds, at fair value	(a)	**29,422**	27,684
Equity securities listed in Hong Kong, at fair value	(b)	**1,058**	86
		30,480	27,770
Analysed as:			
– Current assets		**1,058**	86
– Non-current assets		**29,422**	27,684
		30,480	27,770

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. ("Issuer"), 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. On 9 November 2017, the Issuer announced resumption proposal involving creditors scheme and open offer. The proceed from the open offer ("Creditors Schemes Consideration") will be paid into the creditor scheme for the settlement of the liabilities of the Issuer. Upon the creditors schemes having become effective, the creditors, including the convertible bond holders, would be entitled to receive the Creditors Schemes Consideration proportionally on a pari passu basis.

The Company has engaged an independent professional valuer, Greater China Appraisal Limited, to measure the fair value of the convertible bonds. According to the valuation report, the fair value of the convertible bonds was HK$29.4 million and fair value gain of HK$1.5 million was recognised for the year ended 31 December 2017.

(b) At 31 December 2017, the fair value of the listed equity securities, amounting to approximately HK$1,058,000 (2016: approximately HK$86,000), was determined based on the quoted market bid prices of the corresponding listed equity securities.

12. LOANS AND INTERESTS RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Loans receivables	**99,000**	95,700
Interests receivables	**2,173**	1,705
	101,173	97,405
Analysed as:		
– Non-current assets	**–**	–
– Current assets	**101,173**	97,405
	101,173	97,405

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

	2017	2016
	HK$'000	*HK$'000*
0 to 6 months	**80,000**	40,700
7 to 12 months	**19,000**	40,000
Over 12 months	**–**	15,000
	99,000	95,700

Loan receivables represented unsecured loans granted to independent third parties. The directors of the Company monitored the collectability of the loans receivables closely with reference to their respective current creditworthiness and repayment records. As at 31 December 2017, no loans receivables were past due. 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:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**9,735**	16,479
31 to 90 days	**12,793**	21,588
91 to 180 days	**6,560**	15,351
Over 180 days	**9,822**	2,688
	38,910	56,106

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 2017, trade receivables and bills receivables of approximately HK$2,573,000 (2016: approximately HK$2,189,000) 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:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**7,077**	5,949
31 to 90 days	**9,265**	12,806
91 to 180 days	**3,259**	3,755
Over 180 days	**866**	897
	20,467	23,407

15. FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: 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 2017 amounted to HK$199.2 million, which represented a decrease of approximately 25% as compared to HK$265.0 million in 2016.

The consolidated loss of the Group for the year ended 31 December 2017 amounted to HK$44.4 million. This represented an increase of approximately HK$5.3 million or approximately 14% as compared to the loss of HK$39.1 million in 2016.

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

Manufacture and sale of healthcare and household products

As mentioned in our Interim Report 2017, the revenue of the Group's manufacturing business has decreased by 19% in the first half of 2017 when compared to the corresponding period in 2016 and such trend has continued in the second half of 2017. Full year revenue for 2017 was decreased by HK$55.8 million or by approximately 27% to HK$151.4 million as compared to HK$207.2 million in 2016. The decrease was mainly from Germany and the People's Republic of China (the "PRC"). Sales from Germany was decreased by HK$18.5 million or by approximately 50% to HK$18.5 million as compared to HK$37.0 million in 2016. Sales from PRC was decreased by HK$25.9 million or by approximately 38% to HK$41.5 million as compared to HK$67.4 million in 2016.

Gross profit margin decreased from approximately 28.5% in 2016 to approximately 19.9% in 2017 mainly due to rising wages caused by labour shortage and decreasing sales for products with high gross profit margin. Gross profit decreased by HK$28.9 million to HK$30.1 million in 2017 as compared to HK$59.0 million in 2016. The decrease in gross profit was attributable to the abovementioned decreased in revenue and gross profit margin. Overall, the Group's manufacturing business recorded a segmental loss of HK$11.9 million in 2017 as compared to a profit of HK$10.8 million in 2016.

Although certain customers have given us their upbeat forecast for 2018, we are still cautions about a full recovery in 2018 as sales are still lagging now as compared to the same period in 2016 and 2017. On the other hands, with labour costs and profit margins under consistent pressure, the Group will continue to automate its existing manufacturing process and to improve production efficiency for its healthcare and households business.

Coal mining business

In 2017 the Group did not have any production at the coal mine project in Central Kalimantan Province in the Republic of Indonesia ("PT Bara Mine") and 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 2017. In addition, there was no contract entered or committed for arrangement of infrastructure building, mining subcontracting and equipment purchasing in 2016 and 2017.

No capital expenditure was incurred on mining infrastructure as there was still no development activity during 2017. 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$0.9 million in 2017 as compared to HK$0.5 million in 2016.

The coal resource estimates as at 31 December 2017 were as follows:

	Coal Resource Estimate *(in thousand tonnes)*			
	As at 31 December 2016	**As at 31 December 2017**	**Change in %**	**Reason of change**
JORC Category				
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 2017 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 2017") and the impairment, if any, of the PT Bara Mine for the year ended 31 December 2017. 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 2017. 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$67.46/tonne as at 31 December 2017 (US$50.09/tonne as at 31 December 2016) divided by the US$ coal price/tonne 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 *(Mt)*	Consideration *(US$ million)*
29 Jun 2012	Ganda Alam Makmur PT	LG International Corp	Kalimantan, Indonesia	60%	275.00	212.58
28 Feb 2013	PT Delta Ultima Coal	Altura Mining Limited	East Kalimantan, Indonesia	33%	37.94	25.00
26 Feb 2014	Servo Meda Sejahtera	Perusahaan Palembang Investama PT	Indonesia	35%	75.20	25.13
3 Jul 2014	Kaltim Prima Coal PT	China Investment Corp	East Kalimantan, Indonesia	19%	9,307.00	950.00
26 Dec 2015	PT Sungai Danau Jaya (SDJ)	Geo Energy Resources Ltd	South Kalimantan, Indonesia	34%	52.50	25.00
18 Jul 2016	PT Tanah Bumbu Resources	Geo Energy Resources Ltd	South Kalimantan, Indonesia	99%	55.50	90.00
10 Dec 2017	Kideco Jaya Agung	Indika Energy Tbk PT	East Kalimantan, Indonesia	45%	2,189.75	677.50

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 2017	Effective Valuation Date for the Mineral Asset	67.46	n/a
29 Jun 2012	LG International Corp acquired Ganda Alam Makmur PT	75.14	1.16
28 Feb 2013	Altura Mining Limited acquired PT Delta Utima Coal	69.17	1.93
26 Feb 2014	Perusahaan Palembang Investama PT acquired Servo Meda Sejahtera	63,48	1.01
3 Jul 2014	China Investment Corp acquired Kaltim Prima Coal PT	57.73	0.63
26 Dec 2015	Geo Energy Resources Ltd acquire PT Sungai Danau Jaya (SDJ)	44.10	2.16
18 Jul 2016	Geo Energy Resources Ltd acquired PT Tanah Bumbu Resources	43.74	2.53
10 Dec 2017	Indika Energy Tbk PT acquired Kideco Jaya Agung	73.79	0.63

* 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**	**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

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.

The following table summarized the effect of changes in assumptions/parameters and reconciled the fair value change in 2017:

Table 4 – Reconciliation of fair value change

Item	**2016**	**2017**	**Effect on Fair Value**	**Fair Value** *(HK$ million)*
As at 31 Dec 2016				172.0
Change in prevailing coal price (US$/tonne)	50.9	67.46	Increase	59.6
Market transaction update	1.25	1.44	Decrease	(33.6)
Change in exchange rate (US$: HK$)	7.7559	7.8140	Increase	1.3
Valuation adjustment on the Indicated Resources	20%	20%	Uncharge	–
As at 31 Dec 2017				199.3

As shown in the above tables, the assumptions changes in 2017 valuation were: (1) prevailing coal price; (2) market transaction reference; and (3) exchange rate. 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 2017. 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 transactions with available information in the market and applied in the valuation.

Based on the Valuation 2017, the recoverable amount of the exploration and evaluation assets exceeded the carrying amount as at 31 December 2017. Accordingly, a reversal of impairment losses of HK$27.3 million was recognized for the year ended 31 December 2017 (2016: HK$18.8 million).

As coal price has been recovering since 2016 and Indonesian's thermal coal exports remained steady in 2017, we are reviewing the possibility to reactivate the development of the PT Bara Mine and will inform shareholders of the Company of any further plan of the PT Bara Mine as and when appropriate.

Production and sale of organic agricultural and fertilizers products

Revenue of the organic agricultural and fertilizers business decreased by approximately HK$15.8 million or 32% to approximately HK$34.1 million as compared to approximately HK$49.9 million in 2016. The decrease was mainly due to severe drought in Liaoning Province which had affected farmland in the province in the first half of 2017. And it coupled with the slower than expected recovery of the sales in the second half of 2017. Gross profit margin also decreased from approximately 68% in 2016 to approximately 60%, which was mainly attributable to the increase in raw material cost. As a result of the foregoing, the gross profit decreased by approximately HK$13.2 million or 39% to approximately HK$20.6 million as compared to HK$33.8 million for 2016.

For the period under review, the segment recorded a profit of approximately HK$8.6 million as compared to a profit of approximately HK$17.5 million for 2016, which was mainly due to the following:

i. the decrease in gross profit by approximately HK$13.2 million as abovementioned;

ii. an increase in selling and distribution expenses of approximately HK$1.5 million, which represented expenses incurred for the purchase of packing materials for organic products and set up of a new organic agricultural farming base for promotional purpose;

iii. a decrease in administrative expenses of approximately HK$3.8 million, which was mainly the combine effect of (a) no impairment provision of trade receivables was necessary in 2017 while a provision of HK$4.1 million was made in 2016 and (b) the increase in labour and other administrative costs; and

iv. an increase of other income of approximately HK$3.4 million which was mainly due the reversal of impairment of trade receivables of approximately HK$2.7 million.

Money lending business

The segmental revenue being interest income from the Group's money lending business in 2017 was HK$13.7 million (2016: HK$7.9 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 2017 was HK$101.2 million (31 December 2016: HK$97.4 million).

In view of the stable income stream that the money lending business has been contributing to the Group since 2015, the Company has set aside HK$56.5 million of the net proceeds from the Company's Rights Issue completed in Dec 2017 as working capital for the money lending business. The management is optimistic about the growth of the Company's money lending business in 2018 as demand for financing has increased due to the positive economic outlook which could mean new business opportunities for money lenders.

Others

Net gain of HK$1.6 million (2016: Net loss of HK$37.4 million) on fair value changes on financial assets at fair value through profit or loss was mainly due to a fair value gain of HK$1.7 million (2016: A fair value loss of 35.2 million) on the convertible bonds held by the Company.

After review of the carrying amount of the goodwill allocated to the cash-generating unit of the trading of agricultural and fertilizers products acquired in 2015, an impairment loss of HK$36 million was recognized in 2017 (2016: Nil). The impairment loss of goodwill was non-cash in nature which will have no impact on the Group's daily operations and cash flow.

Finance costs increased by HK$2.3 million to HK$4.7 million (2016: HK$2.4 million) mainly due to an increase of interests on other unsecured loans of HK$4.0 million was charged in relation to the Group's unsecured borrowings of HK$24 million during 2017. The said borrowings had already been repaid using the net proceeds from the Company's Rights Issue completed in Dec 2017.

Overall, loss for the year has been increased from HK$ 39.1 million in 2016 to HK$44.4 million in 2017 mainly due the reasons we have discussed above.

Conclusion

Rights Issue and Major Acquisition

On 15 May 2017, the Company has entered into the Memorandum of Understanding relating to the Possible Acquisition of 15% equity interest in and shareholders' loans due by Pacific Memory Sdn Bhd, which in turn owns a parcel of leasehold land for commercial development purposes and certain condominium units in Negeri Sembilan, Malaysia. To raise funds for the Possible Acquisition and to strengthen the working capital of the Group, on 21 September 2017, the Company has proposed to raise approximately HK$317.4 million by way of the Rights Issue on the basis of four Rights Shares for every one existing Share held on the Record Date which 5,771,197,600 Rights Shares would be allotted and issued at the Subscription Price of HK$0.055 per Rights Share. On the same day, the Company has entered into the Underwriting Agreement with Mr. Leung Chung Shan ("Mr. Leung"), a director of certain subsidiaries of the Company, to fully underwrite the Rights Issue. The Rights Issue was completed on 21 December 2017 and has raised net proceeds of approximately HK$310.4 million. For details of the Rights Issue, please refer to the Company's announcements dated 21 September 2017 and 20 December 2017, circular dated 26 October 2017 and prospectus dated 24 November 2017.

Subsequent to the completion of the rights issue and the end of the financial year, the Company has entered into the Acquisition Agreement on 19 January 2018 to acquire 35% equity interest in and shareholders' loans due by Pacific Memory Sdn Bhd. The Acquisition constitutes a major transaction for the Company and was approved by the Shareholders of the Company in the Special General Meeting of the Company on 8 March 2018. Completion of the Acquisition took place on 16 March 2018. Aggregated Consideration of HK$662.4 million was paid to the Vendor as to HK$238.7 million in cash (the "Cash Consideration") and the remaining balance by way of allotment and issue of the Consideration Shares at the Issue Price of HK$0.27 per Consideration Share. The Cash Consideration was funded as to HK$224.2 million by the proceeds from the abovementioned Rights Issue and as to HK$14.5 million by the internal resources of the Group. For details of the Acquisition, please refer to the Company's announcements dated 19 January 2018, 8 March 2018 and 16 March 2018 and circular dated 15 February 2018.

Leveraging on the potential of the property market in Negeri Sembilan, Malaysia, the completion of the Acquisition of which would improve the Group's potential for a sustainable growth and maximize corporate values. To further enhance Shareholders' value, the Company will also seek to identify suitable investment opportunities from time to time.

THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 31 December 2017, the Group had cash and bank deposits of HK$306 million (2016: HK$19.9 million) including a foreign currency deposits denominated in Renminbi ("RMB") amounted to HK$8.5 million (2016: HK$3.2 million).

Current ratio

As at 31 December 2017, the Group had net current assets of HK$414.6 million (2016: HK$131.2 million) and current ratio (being current assets over current liabilities) of 4.07 (2016: 2.02).

Debts and borrowings

As at 31 December 2017, the Group had total debts and borrowings of HK$21 million (2016: HK$31.9 million) which included unsecured loan from a financial institute, secured bank loan and secured factoring loans in total of HK$20.7 million (2016: HK$31.7 million).

Gearing ratio

The Group's gearing ratio being total debt over total equity is 2.4% (2016: 5.4%).

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

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

The interest rates 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 2017.

Material Contingent Liabilities

The Group is not aware of any material contingent liabilities as at 31 December 2017.

Employees and Remuneration Policy

As at 31 December 2017, the Group had 31 employees (2016: 31) in Hong Kong, 963 employees (2016: 806) in PRC and 2 employees (2016: 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 2017 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 2017 (2016: Nil).

CORPORATE GOVERNANCE

During the year ended 31 December 2017, 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 2017.

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 2017 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 2017. 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 2017, 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
Executive Director and Chief Executive Officer

Hong Kong, 27 March 2018

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Leung Chung Shan, 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*