Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2018

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 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Interest revenue		**16,145**	13,681
Other revenue		**282,972**	185,537
Total revenue	3	**299,117**	199,218
Cost of sales		**(192,590)**	(136,094)
Gross profit		**106,527**	63,124
Other income	4	**4,326**	7,435
Selling and distribution expenses		**(10,855)**	(11,935)
Administrative expenses		**(110,619)**	(85,234)
Loss from operations		**(10,621)**	(26,610)
Reversal of impairment loss on exploration and evaluation assets		**29,410**	27,310
Loss on revaluation of property, plant and equipment		**–**	(5,734)
Net (loss)/gain on fair value changes on investment at fair value through profit or loss		**(15,554)**	1,551
Impairment of unpatented technology		**(30,680)**	–

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Impairment of other assets		**(1,374)**	–
Impairment of property, plant and equipment		**(9,640)**	–
Impairment of goodwill		**(9,977)**	(36,000)
Impairment of loan receivables		**(3,000)**	–
Gain on bargain purchase		**111,733**	–
Share of results of an associate		**(1,090)**	–
Finance costs	6	**(1,930)**	(4,707)
Profit/(loss) before tax		**57,277**	(44,190)
Income tax expense	7	**(2,338)**	(185)
Profit/(loss) for the year	8	**54,939**	(44,375)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(43,991)**	9,500
Items that will not be reclassified to profit or loss:			
Gain on property revaluation		**5,507**	12,867
Other comprehensive (loss)/income for the year, net of tax		**(38,484)**	22,367
Total comprehensive income/(loss) for the year		**16,455**	(22,008)
Profit/(loss) for the year attributable to:			
Owners of the Company		**55,386**	(43,664)
Non-controlling interests		**(447)**	(711)
		54,939	(44,375)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**16,865**	(22,261)
Non-controlling interests		**(410)**	253
		16,455	(22,008)
Earnings/(loss) per share	9		
Basic (cents per share)		**0.65**	(2.51)
Diluted (cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Exploration and evaluation assets		**228,690**	199,280
Property, plant and equipment		**98,899**	113,286
Goodwill		**–**	9,977
Interest in an associate		**617,424**	–
Intangible assets	10	**70,570**	116,250
Investment at fair value through profit or loss	11	**14,028**	29,422
Other assets		**3,161**	4,782
		1,032,772	472,997
Current assets			
Inventories		**41,082**	38,782
Trade and other receivables	13	**137,322**	102,577
Investment at fair value through profit or loss	11	**898**	1,058
Loans and interests receivables	12	**130,251**	101,173
Amount due from an associate		**21,881**	–
Current tax assets		**905**	–
Bank and cash balances		**18,292**	306,018
		350,631	549,608
Current liabilities			
Trade and other payables	14	**(128,049)**	(109,599)
Borrowings		**(16,670)**	(20,663)
Finance lease payables		**(318)**	(320)
Current tax liabilities		**(7,130)**	(4,459)
		(152,167)	(135,041)
Net current assets		**198,464**	414,567
Total assets less current liabilities		**1,231,236**	887,564
Non-current liabilities			
Finance lease payables		**(728)**	(1,046)
Deferred tax liabilities		**(12,957)**	(13,430)
		(13,685)	(14,476)
NET ASSETS		**1,217,551**	873,088
Capital and reserves			
Share capital		**351**	289
Reserves		**1,214,365**	869,554
Equity attributable to owners of the Company		**1,214,716**	869,843
Non-controlling interests		**2,835**	3,245
TOTAL EQUITY		**1,217,551**	873,088

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 2018. 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.

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 amortisaton 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 approximately HK$13,904,000 as at 31 December 2018. Based on a preliminary assessment, the Group anticipates that the initial adoption of HKFRS 16 in the future will result in an increase in right-of-use assets and lease liabilities, which is unlikely to have material impact on the Group's financial position. The Group also anticipates that the net impact (as a result of the combination of the interest expenses arising from the lease liabilities and the amortization of the right-of-use assets as compared to the rental expense under existing standard) on the Group's financial performance will not be material.

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:

	2018	2017
	HK$'000	*HK$'000*
Manufacture and sale of healthcare and household products	**243,570**	151,448
Production and trading of agricultural and fertilizers products	**39,402**	34,089
Interest income from money lending business	**16,145**	13,681
	299,117	199,218

4. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Income from scrap sales	**450**	278
Interest income	**40**	2,032
Rental income	**58**	300
Government grants	**1,041**	231
Reversal of impairment of trade receivables	**1,133**	2,738
Others	**1,604**	1,856
	4,326	7,435

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 2018:					
Revenue	**39,402**	**16,145**	**–**	**243,570**	**299,117**
Segment profit/(loss)	**6,670**	**13,115**	**(917)**	**20,423**	**39,291**
Finance costs	**1,072**	**–**	**–**	**793**	**1,865**
Depreciation and amortisation	**22,311**	**–**	**6**	**4,389**	**26,706**
Income tax expense	**417**	**–**	**–**	**2,632**	**3,049**
Other material non-cash items:					
Reversal of impairment of assets	**–**	**–**	**(29,410)**	**–**	**(29,410)**
Impairment of unpatented technology	**30,680**	**–**	**–**	**–**	**30,680**
Impairment of property, plant and equipment	**9,640**	**–**	**–**	**–**	**9,640**
Impairment of goodwill	**9,977**	**–**	**–**	**–**	**9,977**
Additions to segment non-current assets	**6,652**	**–**	**–**	**8,579**	**15,231**
At 31 December 2018:					
Segment assets	**194,548**	**130,312**	**227,339**	**165,588**	**717,787**
Segment liabilities	**21,898**	**15**	**–**	**108,147**	**130,060**
Year ended 31 December 2017:					
Revenue	34,089	13,681	–	151,448	199,218
Segment profit/(loss)	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

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

	2018 *HK$'000*	2017 *HK$'000*
Revenue:		
Total revenue of reportable segments and consolidated revenue	**299,117**	199,218
Profit or loss:		
Total profit of reportable segments	**39,291**	9,477
Gain on bargain purchase	**111,733**	–
Corporate and unallocated loss	**(96,085)**	(53,852)
Consolidated profit/(loss) for the year	**54,939**	(44,375)
Assets:		
Total assets of reportable segments	**717,787**	688,645
Corporate and unallocated assets:		
– Bank and cash balances	**1,160**	289,784
– Investment at fair value through profit or loss	**14,926**	30,480
– Interest in an associate	**617,424**	–
– Others	**32,106**	13,696
Consolidated total assets	**1,383,403**	1,022,605
Liabilities:		
Total liabilities of reportable segments	**130,060**	122,938
Corporate and unallocated liabilities	**35,792**	26,579
Consolidated total liabilities	**165,852**	149,517

Geographical information:

Revenue:	2018 *HK$'000*	2017 *HK$'000*
United States of America	**99,995**	56,632
The People's Republic of China (the "**PRC**")	**115,193**	75,585
Germany	**19,317**	18,489
France	**11,273**	14,183
United Kingdom	**6,458**	5,363
Japan	**1,131**	2,271
Hong Kong and others	**45,750**	26,695
	299,117	199,218

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.

	2018	2017
	HK$'000	*HK$'000*
Non-current assets:		
Indonesia	**229,547**	199,297
The PRC	**170,919**	241,855
Hong Kong and others	**618,278**	2,423
	1,018,744	443,575

Revenue from major customers:

	2018	2017
Healthcare and household business segment	*HK$'000*	*HK$'000*
Customer A	**77,552**	50,627
Customer B	**42,253**	21,757

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

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interests on bank loans	**917**	709
Interests on other unsecured loans	**971**	3,950
Finance leases charges	**42**	48
	1,930	4,707

7. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**4,145**	273
Deferred tax	**(1,807)**	(88)
	2,338	185

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 (2017: 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 profit/(loss) before tax multiplied by Hong Kong Profits Tax rate is as follows:

	2018	2017
	HK$'000	*HK$'000*
Profit/(loss) before tax	**57,277**	(44,190)
Tax at the domestic income tax rate of 16.5% (2017: 16.5%)	**9,451**	(7,291)
Tax effect of non-taxable income	**(23,369)**	(12,083)
Tax effect of non-deductible expenses	**20,274**	19,307
Tax effect of temporary differences not recognised	**(1,142)**	(88)
Tax effect of utilisation of tax losses not previously recognised	**(3,717)**	(3,252)
Tax effect of tax losses not recognised	**231**	6,474
Effect of different tax rates of subsidiaries	**610**	(2,882)
Income tax expense for the year	**2,338**	185

8. PROFIT/(LOSS) FOR THE YEAR

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

	2018	2017
	HK$'000	HK$'000
Auditor's remuneration	**880**	770
Cost of inventories sold#	**192,590**	136,094
Depreciation	**12,439**	7,446
Amortisation	**15,000**	15,000
Net loss/(gain) on fair value changes on investment at fair value through profit or loss	**15,554**	(1,551)
Reversal of impairment on exploration and evaluation assets	**(29,410)**	(27,310)
Impairment of goodwill	**9,977**	36,000
Impairment on unpatented technology	**30,680**	–
Impairment of other asset	**1,374**	–
Impairment of property, plant and equipment	**9,640**	–
Impairment of loan receivables	**3,000**	–
Net exchange (gains)/losses	**(248)**	15
Operating lease charges in respect of land and buildings	**5,704**	5,447
Research and development costs	**138**	481
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**92,980**	74,531
– Retirement benefits scheme contributions	**441**	445
	93,421	74,976

\# Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$52,302,000 in total (2017: approximately HK$33,517,000), which are included in the amounts disclosed separately above.

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$55,386,000 (2017: loss of approximately HK$43,664,000) and the weighted average number of ordinary shares of 8,465,233,977 (2017: 1,736,240,588) 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 2018 and 2017.

10. INTANGIBLE ASSETS

	Unpatented Technology *HK$'000*
Cost	
At 31 December 2017, 1 January 2018 and 31 December 2018	150,000
Accumulated amortisation and impairment losses	
At 31 December 2016 and 1 January 2017	18,750
Amortisation for the year	15,000
At 31 December 2017 and 1 January 2018	33,750
Amortisation for the year	15,000
Impairment loss	30,680
At 31 December 2018	79,430
Carrying amount	
At 31 December 2018	70,570
At 31 December 2017	116,250

The unpatented technology (the "**Technology**") represents technical know-how and technology specification of the production of organic microorganism fertilizers held by a subsidiary (the "**Liaoning 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 2018, the application (the "**Application**") of the patent on the Technology developed by the Liaoning Subsidiary of the Company is still under process. The Liaoning Subsidiary first made the Application in March 2014 and was allowed to proceed to the substantive examination in March 2015. It then received an assessment notification (the "**Notification**") from the National Intellectual Property Administration (the "**NIPA**") three years later in March 2018 stating that the independent claims and dependent claims set out in the Application do not contain the inventive steps, and that the materials included in the Application do not document any substantive information for a patentable invention. In November 2018, the Liaoning Subsidiary has made a further application and paid the requisite fee to the NIPA to request a second representation on the further substantive examination of the Application. Additional materials and information was provided to the NIPA to address their initial assessment comments.

As advised by a PRC legal adviser, despite the comments of the NIPA as set out in the Notification, the Liaoning Subsidiary has the right to continue to apply for the substantive examination of the Application in accordance with the Patent Law of the PRC and the relevant rules and regulations of the PRC. Therefore, prior to the issuance of the final substantive review by the NIPA, the Application is still in the process with the NIPA. The current status of the Application as shown on the official website of the NIPA is that the Application is under re-assessment.

As the Company and its management are unable to ascertain with certainty the estimated timing for obtaining the outcome of the NIPA's final substantive review, the Company will continue to monitor the status of the Application and will update the Shareholders and potential investors in respect thereof as and when appropriate.

The Company has carried out an independent review over the intangible asset by engaging an independent valuer, Greater China Appraisal 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 lower than the carrying amount as at 31 December 2018, an approximately HK$30,680,000 impairment loss is recognised for the year ended 31 December 2018 (2017: Nil). The pre-tax discount rate used for estimating the value in use is 17% (2017: 18.5%) which the directors considered appropriate to reflect the Company's cost of equity.

11. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

		2018	2017
	Notes	***HK$'000***	*HK$'000*
Convertible bonds, at fair value	(a)	**14,028**	29,422
Equity securities listed in Hong Kong, at fair value	(b)	**898**	1,058
		14,926	30,480
Analysed as:			
– Current assets		**898**	1,058
– Non-current assets		**14,028**	29,422
		14,926	30,480

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 approximately HK$14 million and fair value loss of approximately HK$15 million was recognised for the year ended 31 December 2018.

(b) At 31 December 2018, the fair value of the listed equity securities, amounting to approximately HK$898,000 (2017: approximately HK$1,058,000), was determined based on the quoted market bid prices of the corresponding listed equity securities.

12. LOANS AND INTERESTS RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loans receivables	**124,000**	99,000
Impairment allowance	**(3,000)**	–
	121,000	99,000
Interests receivables	**9,251**	2,173
	130,251	101,173
Analysed for reporting purposes as:		
– Non-current assets	**–**	–
– Current assets	**130,251**	101,173
	130,251	101,173

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

	2018	2017
	HK$'000	*HK$'000*
0 to 6 months	**89,300**	80,000
7 to 12 months	**31,700**	19,000
	121,000	99,000

Loan receivables as at 31 December 2018 represented unsecured loans granted to independent third parties with principal amount of HK$124,000,000 (2017: HK$99,000,000) in total, respectively. 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 2018, the management believes that these loan receivables are considered fully recoverable except for a receivable amount of HK$3,000,000 is considered as high risk of default.

13. TRADE AND OTHER RECEIVABLES

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

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**31,169**	9,735
31 to 90 days	**21,316**	12,793
91 to 180 days	**11,073**	6,560
Over 180 days	**13,331**	9,822
	76,889	38,910

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 2018, trade receivables and bills receivables of approximately HK$2,484,000 (2017: approximately HK$2,573,000) 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:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**9,113**	7,077
31 to 90 days	**15,668**	9,265
91 to 180 days	**9,217**	3,259
Over 180 days	**2,928**	866
	36,926	20,467

15. FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Results for the year

Revenue of the Group for the year ended 31 December 2018 amounted to HK$299.1 million, which represented a increase of approximately 50% as compared to HK$199.2 million in 2017.

The consolidated profit of the Group for the year ended 31 December 2018 amounted to HK$54.9 million. This represented an increase of approximately HK$99.3 million as compared to the loss of HK$44.4 million in 2017.

Following is the review of the principal activities of the Group in 2018 and outlook of the Group's business in 2019.

Manufacture and sale of healthcare and household products

As mentioned in our Interim Report 2018, the revenue of the Group's manufacturing business has increased by 42% in the first half of 2018 when compared to the corresponding period in 2017 and such trend has continued in the second half of 2018. Full year revenue for 2018 was increased by HK$92.2 million or by approximately 61% to HK$243.6 million as compared to HK$151.4 million in 2017. Sales volume increased in all locations except France and Japan which had a slight decrease of approximately HK$2.9 million and HK$1.1 million respectively. Sales to the United States of America (the "**USA**") was increased by approximately HK$43.4 million mainly due to customers launched new product series in 2018 and US customers in the second half of 2018 pulled ahead their orders to avoid the threat of higher tariffs. Sales to the People's Republic of China (the "**PRC**") was increased by approximately HK$30.7 million mainly due to the expansion of the domestic market in oral health care products by both local and foreign brands. Sales to HK and others was increased by approximately HK$20.2 million mainly due to a long term customer had shifted the production of one of its existing product lines to us temporarily in 2018.

Gross profit margin increased from approximately 19.9% in 2017 to approximately 27.6% in 2018 mainly due to increase sales for products with high gross profit margin and improvement in process and enhancement in automation. Gross profit increased by HK$37.1 million to HK$67.2 million in 2018 as compared to HK$30.1 million in 2017. The increase in gross profit was attributable to the abovementioned increased in revenue and gross profit margin. Overall, the Group's manufacturing business recorded a segmental profit of HK$20.4 million in 2018 as compared to a loss of HK$11.9 million in 2017.

Despite sales of the manufacturing business has increased noticeably in 2018, the Company is cautious about the outlook of the global consumer market in 2019 with trade tensions between the USA and the PRC continue. On the other hand, with rising labour cost and profit margins under constant pressure, the Company will continue focusing to improve productivity and efficiency.

Coal mining business

In 2018 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 therefore no revenue was recognized for the coal mining business in 2018.

As disclosed in the Company's announcement dated 6 July 2018, PT Bara Utama Persada Raya, a non-wholly owned subsidiary of the Company which holds license of a coal mine in the Central Kalimantan Province in the Republic of Indonesia ("**PT Bara Mine**"), has cooperated with PT Sinarjaya Mulia Kun ("**PT SMK**"), a party independent of the Company and its connected persons, to conduct mining activities at the PT Bara Mine. The pre-mining construction works were commenced in early July 2018 and completed in November 2018. After the completion of the pre-mining construction works, PT SMK has been experiencing delay in the negotiation process with the local landlord on the use of its access road and jetty (where coal is unloaded for shipment to the customers). The negotiation, which couple with the drop of coal prices in recent months, has further held back the coal production. As at the date of this announcement, there was still no coal production in the PT Bara Mine. We are closely monitoring the situation and will inform shareholders of the Company of any further development of the PT Bara Mine as and when appropriate.

According to the agreement with PT SMK, all contracts for arrangement of infrastructure building and equipment purchasing and hiring will be entered or committed by PT SMK, therefore no capital expenditure was incurred by the Company's coal mining business in 2018.

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 2018 as compared to HK$0.9 million in 2017.

The coal resource estimates as at 31 December 2018 were as follows:

	Coal Resource Estimate *(in thousand tonnes)*			
	As at 31 December 2017	**As at 31 December 2018**	**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 2018 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 except for, as mentioned above, some pre-mining construction works that were completed in November 2018.

Review of fair value of exploration and evaluation assets

The Company had engaged Greater China Appraisal Limited ("**GCA**") to assist the management to determine the fair value (the "**Valuation 2018**") and the impairment, if any, of the PT Bara Mine for the year ended 31 December 2018. 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 2018. The same methodology and method were 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$77.23/tonne as at 31 December 2018 (US$67.46/tonne as at 31 December 2017) divided by the US$ 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

Transaction Date	Acquirer Name	Target Name	Percentage (%)	M&I Resources (million tonne)	Consideration (USD million)
10 Dec 2017	Indika Energy Tbk PT	Samtan Co Ltd	45%	2,189.75	677.50
18 Jul 2016	Geo Energy Resources Ltd	PT Tanah Bumbu Resources	99%	55.50	90.00
26 Dec 2015	Geo Energy Resources Ltd	Borneo International Pte Ltd	34%	52.50	25.00
3 Jul 2014	China Investment Corp	Bumi Resources Tbk PT	19%	9,307.00	950.00
26 Feb 2014	Perusahaan Palembang Investama PT	Adaro Energy Tbk PT	35%	75.2	25.13
28 Feb 2013	Altura Mining Limited	PT Delta Ultima Coal	33%	37.94	25.00
29 Jun 2012	LG International Corp	Ganda Alam Makmur PT	60%	275.00	212.58

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

Transaction Date	Event	Coal Price at Transaction Date *(USD/tonne)*	Price Adjustment Factor	Adjusted Consideration *(USD million)*
31 Dec 2018	GCA Effective Valuation Date for the Mineral Asset.	77.23		
10 Dec 2017	Indika Energy Tbk PT acquired Samtan Co Ltd.	73.39	1.05	1,584.40
18 Jul 2016	Geo Energy Resources Ltd acquired PT Tanah Bumbu Resources	43.74	1.77	161.96
26 Dec 2015	Geo Energy Resources Ltd acquired Borneo International Pte Ltd	44.10	1.75	130.12
3 Jul 2014	China Investment Corp acquired Bumi Resources Tbk PT	57.73	1.34	6,689.07
26 Feb 2014	Perusahaan Palembang Investama PT acquired Adaro Energy Tbk PT	63.48	1.22	87.35
28 Feb 2013	Altura Mining Limited acquired PT Delta Ultima Coal	69.17	1.12	83.74
29 Jun 2012	LG International Corp acquired Ganda Alam Makmur PT	75.14	1.03	364.16

* 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 2018:

Table 4 – Reconciliation of fair value change

Item	**2017**	**2018**	**Effect on Fair Value**	**Fair Value** *(HK$ million)*
As at 31 Dec 2017				199.28
Change in prevailing coal price (US$/tonne)	67.46	77.23	Increase	28.94
Market transaction update	1.44	1.64	Decrease	(0.06)
Change in exchange rate (US$: HK$)	7.8140	7.8319	Increase	0.53
Valuation adjustment on the Indicated Resources	20%	20%	Unchange	–
As at 31 Dec 2018				228.69

As shown in the above tables, the assumptions changes in 2018 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 2018. 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 no recent comparable transactions with available information in the market and applied in the valuation.

Based on the Valuation 2018, the recoverable amount of the exploration and evaluation assets exceeded the carrying amount as at 31 December 2018. Accordingly, a reversal of impairment losses of HK$29.4 million was recognized for the year ended 31 December 2018 (2017: HK$27.3 million).

Production and sale of organic agricultural and fertilizers products

Revenue of the organic agricultural and fertilizers business increased by approximately HK$5.3 million or 16% to approximately HK$39.4 million as compared to approximately HK$34.1 million in 2017. The increase was mainly due to participation in soil improvement projects, where microbial fertilizer was widely used, in Shanxi Province which covered an aggregate land area of 20,000 mu. Gross profit margin decreased slightly from approximately 60.3% in 2017 to approximately 58.8% mainly due to higher material cost. As a result of the foregoing, the gross profit increased by approximately HK$2.6 million or 13% to approximately HK$23.2 million as compared to HK$20.6 million in 2017.

For the period under review, the segment recorded a profit of approximately HK$6.7 million as compared to a profit of approximately HK$8.6 million for 2017, which was mainly due to the following:

(i) an increase in selling and distribution expenses of approximately HK$0.6 million mainly due to higher staff cost;

(ii) an increase in administrative expenses of approximately HK$2.3 million mainly due to higher staff cost and higher depreciation cost; and

(iii) a decrease of other income of approximately HK$3.1 million which was mainly due to decrease in reversal of impairment of trade receivables and rental income.

With a view to improve the financial performance of the organic agricultural and fertilizers business, the Group has launched new business plan and cooperated with the local government of the PRC to participate in soil improvement projects since late 2017 and in 2018 the Group has participated in over 15 soil improvement projects covering more than 20,000 mu farmland. In 2019, soil improvement projects will be the main business drivers of the Group's organic agricultural and fertilizers business.

Money lending business

The segmental revenue being interest income from the Group's money lending business in 2018 was HK$16.1 million (2017: HK$13.7 million). Depending on the nature and terms and conditions of each loan that was made, interest rate ranged from 10% per annum to 24% per annum during the year under review. Total loans receivables as at 31 December 2018 were HK$121 million (31 December 2017: HK$99 million) after reviewing the risk of default of individual borrowers and making an impairment allowances of HK$3 million (2017: Nil).

Other gains and losses

The Group recorded a profit of approximately HK$54.9 million as compared to a loss of approximately HK$44.4 million in the corresponding period in 2017 which was mainly due to the combined effects of the following reasons:

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

(ii) Other income decreased by approximately HK$3.1 million mainly due to no interest income was recognised from the convertible bonds held by the Company in 2018 (2017: HK$2.0 million) issued by Union Asia Enterprise Holdings Ltd. (GEM Stock Code: 8173) (the "**Bond Issuer**") as trading in the shares of the Bond Issuer has been suspended on the Stock Exchange since March 2017. The Bond Issuer has submitted documents in relation to a creditors schemes to Hong Kong Court and the Grand Court on 18 July 2018. As disclosed in the Bond Issuer's announcement dated 28 February 2019, the Bond Issuer was in the process of addressing the relevant enquiries raised by the regulators and in the process of preparing the financial information for the new listing application submitted in January 2019, and the regulators are in the process of reviewing it. Against this backdrop, it is prudent for the Company to stop recognising further interest income from the convertible bonds;

(iii) Administrative expenses increased by approximately HK$25.4 million mainly due to:

  (a) a reversal of interest income of approximately HK$3.0 million from convertible bonds held by the Company which was recognised as income in previous financial years due to the same reason mentioned in (ii) above; and

  (b) an increase in legal and professional fees of HK$12.0 million mainly due to more corporate exercises took place in 2018.

(iv) Net loss of HK$15.6 million (2017: net gain of HK$1.6 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$15.6 million (2017: a fair value gain of HK$1.6 million) on convertible bonds held by the Company mentioned in (ii) above; and

(v) A gain on bargain purchase of HK$111.7 million through profit or loss relating to the acquisition (the "**Acquisition**") of 35% equity interest in and the shareholders' loans to Pacific Memory Sdn Bhd ("**Pacific Memory**") during the period under review. The gain was derived from the excess of the Company's share of the net fair value of Pacific Memory's identifiable assets and liabilities over the fair value of the consideration for acquiring the interest in Pacific Memory at the date of completion of the Acquisition. The gain on the bargain purchase was a once-off non-cash adjustment which has no impact on the Group's operating cash flow. If the said gain on bargain purchase had not been recognised during the period under review, the Group would have recorded a loss of approximately HK$56.8 million for 2018.

(vi) The Company has carried out review of the intangible asset by engaging GCA, to conduct an independent assessment of the recoverable amount of the intangible asset with reference made to the profit forecast and cash flow projection by the management and the value in use calculation. As the recoverable amount of the intangible asset is lower than the carrying amount as at 31 December 2018, an approximately HK$30.7 million impairment loss is recognized for the year ended 31 December 2018 (2017: Nil). The pre-tax discount rate used for estimating the value in use is 17% (2017: 18.5%).

(vii) The Company has carried out review of the recoverable amount of certain property, plant and equipment in 2018 based on value-in-use calculations. Accordingly, the reviews led to the recognition of an impairment loss of approximately HK$9.64 million (2017: Nil), that has been recognized during the year. The recoverable amount of the relevant assets of approximately HK$22.17 million has been determined based on their value-in-use using discounted cash flow method.

(viii) The Company has carried out 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$9.98 million was recognized in 2018 (2017: HK$36 million).

(ix) Finance costs decreased by HK$2.8 million to HK$1.9 million (2017: HK$4.7 million) mainly due to decrease of interests of HK$3.0 million on other unsecured loans of the Group's unsecured borrowings of HK$24 million in 2017 which has been repaid using the net proceeds from the Company's Rights Issue completed in December 2017.

Update on the proposed commercial development at Port Dickson, Malaysia

The development plan of the first phase of proposed commercial development at Port Dickson, Malaysia has already been submitted to the relevant government agencies for approval and the part of the plan that related to the building of berths has already been approved. The local management of Pacific Memory are awaiting for other part of the development plan to be approved before they decide how to proceed with it. Based on the latest development plan, the first phase of the proposed development is estimated to be completed in around 2021 while the second phase of the proposed development is estimated to be completed in 2023.

Prospect

The Group has been identifying suitable investment opportunities to drive sustainable growth for the Group and to enhance long-term corporate value. To this end, the Company has completed the acquisition of 35% equity interest in Pacific Memory in March 2018 by which the Company could leverage on the potential of the property market in Malaysia.

To further enhance Shareholders' value, the Company has identified another acquisition target (the "Target Company") with potential growth and entered into an acquisition agreement with Qianhai CITIC in September 2018 to acquire the Target Company which is principally engaged in primary land development projects in the PRC. For details and prospect of the acquisition, please refer to the announcements of the Company dated 16 September 2018, 19 December 2018, 2 January 2019 and 15 January 2019 and the circular of the Company dated 21 December 2018.

The Company completed the acquisition on 21 January 2019 and the Target Company has become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the enlarged Group.

Qianhai CITIC is principally engaged in, among other things, investment management and provision of urban construction advisory services for projects which are predominantly located in the PRC. The projects undertaken by Qianhai CITIC are often large-scale projects in cooperation with the local government and/or private commercial entities and the projects are located in various prominent cities in the PRC. Qianhai CITIC is also currently engaged by Pacific Memory to run the overall management of the proposed commercial development at Port Dickson, Malaysia.

We believe with these acquisitions, we have positioned ourselves for continuous growth and success.

THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 31 December 2018, the Group had cash and bank deposits of HK$18.3 million (2017: HK$306 million) including a foreign currency deposits denominated in Renminbi ("RMB") amounted to HK$9.8 million (2017: HK$8.5 million).

Current ratio

As at 31 December 2018, the Group had net current assets of HK$198.5 million (2017: HK$414.6 million) and current ratio (being current assets over current liabilities) of 2.30 (2017: 4.07).

Debts and borrowings

As at 31 December 2018, the Group had total debts and borrowings of HK$17 million (2017: HK$21 million) which included unsecured loan from a financial institute, secured bank loan, unsecured other loans and secured factoring loans in total of HK$16.7 million (2017: HK$20.7 million).

Gearing ratio

The Group's gearing ratio being total debt over total equity is 1.4% (2017: 2.4%).

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 Company completed the acquisition of 35% equity interest in Pacific Memory on 16 March 2018. Pacific Memory has become an associate of the Company and its financial results was equity accounted for in the results of the Group for the year ended 31 December 2018. For details of the acquisition, please refer to the Company's announcements dated 15 May 2017, 19 January 2018, 8 March 2018 and 16 March 2018 and circular dated 15 February 2018.

Saved as disclosed above the Group had neither any material acquisition nor disposal in 2018.

Material Contingent Liabilities

The Group is not aware of any material contingent liabilities as at 31 December 2018.

Employees and Remuneration Policy

As at 31 December 2018, the Group had 31 employees (2017: 31) in Hong Kong, 953 employees (2017: 963) in PRC and 2 employees (2017: 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 both 2018 and 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 2018 (2017: Nil).

CORPORATE GOVERNANCE

During the year ended 31 December 2018, 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 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 2018.

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 2018 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 2018. 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 2018, 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, 29 March 2019

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

* *For identification purpose only*