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 2019

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 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000* *(Restated)*
Continuing Operations			
Revenue		**186,314**	243,570
Interest revenue		**12,463**	16,145
Total revenue	3	**198,777**	259,715
Cost of sales		**(123,347)**	(176,283)
Gross profit		**75,430**	83,432
Other income	4	**1,498**	2,052
Selling and distribution expenses		**(2,766)**	(3,489)
Administrative expenses		**(76,623)**	(85,706)

	Notes	**2019**	2018
		HK$'000	*HK$'000*
			(Restated)
Loss from operations		**(2,461)**	(3,711)
(Provision)/reversal of impairment loss on exploration and evaluation assets		**(86,690)**	29,410
Net loss on fair value changes on investment at fair value through profit or loss		**(13,575)**	(15,554)
Impairment of loan receivables		**–**	(3,000)
Gain on bargain purchase	16	**102,508**	111,733
Share of results of associates		**(27,125)**	(1,090)
Finance costs	6	**(28,812)**	(858)
(Loss)/profit before tax		**(56,155)**	116,930
Income tax expense	7	**(1,182)**	(3,063)
(Loss)/profit for the year from continuing operations	8	**(57,337)**	113,867
Discontinued operations			
Loss for the year from discontinued operations	17	**(14,581)**	(58,928)
(Loss)/profit for the year		**(71,918)**	54,939
(Loss)/profit for the year attributable to:			
Owners of the Company			
From continuing operations		**(56,327)**	113,867
From discontinued operations		**(14,158)**	(58,481)
		(70,485)	55,386
Non-controlling interests			
From continuing operations		**(1,010)**	–
From discontinued operations		**(423)**	(447)
		(1,433)	(447)
		(71,918)	54,939
(Loss)/profit for the year		**(71,918)**	54,939

	Notes	**2019**	2018
		HK$'000	*HK$'000*
			(Restated)
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Release of exchange differences on disposal of subsidiaries	17	**6,908**	–
Exchange differences on translating foreign operations		**9,710**	(5,944)
Share of associates exchange differences on translating foreign operations		**(30,225)**	(38,047)
Items that will not be reclassified to profit or loss:			
Gain on property revaluation		**2,692**	5,507
Other comprehensive loss for the year, net of tax		**(10,915)**	(38,484)
Total comprehensive (loss)/income for the year		**(82,833)**	16,455
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(81,196)**	16,865
Non-controlling interests		**(1,637)**	(410)
		(82,833)	16,455
(Loss)/earnings per share	9		
From continuing and discontinued operations			
Basic (cents per share)		**(0.66)**	0.65
Diluted (cents per share)		**N/A**	N/A
From continuing operations			
Basic (cents per share)		**(0.53)**	1.34
Diluted (cents per share)		**N/A**	N/A
From discontinued operations			
Basic (cents per share)		**(0.13)**	(0.69)
Diluted (cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Exploration and evaluation assets		**142,000**	228,690
Property, plant and equipment		**62,959**	98,899
Right of use assets		**6,691**	–
Interests in associates	10	**1,170,328**	617,424
Intangible assets		**–**	70,570
Investment at fair value through profit or loss	11	**–**	14,028
Other assets		**–**	3,161
		1,381,978	1,032,772
Current assets			
Inventories		**30,315**	41,082
Trade and other receivables	13	**150,145**	137,322
Investment at fair value through profit or loss	11	**870**	898
Loans and interests receivables	12	**44,317**	130,251
Amounts due from associates		**49,750**	21,881
Current tax assets		**936**	905
Bank and cash balances		**166,852**	18,292
		443,185	350,631
Current liabilities			
Trade and other payables	14	**(92,383)**	(128,049)
Borrowings		**(619)**	(16,670)
Shareholders loans		**(230,000)**	–
Lease liabilities		**(6,226)**	(318)
Current tax liabilities		**(5,798)**	(7,130)
		(335,026)	(152,167)
Net current assets		**108,159**	198,464
Total assets less current liabilities		**1,490,137**	1,231,236
Non-current liabilities			
Lease liabilities		**(738)**	(728)
Borrowings		**(12,177)**	–
Shareholders loans		**(77,525)**	–
Deferred tax liabilities		**(11,519)**	(12,957)
		(101,959)	(13,685)
NET ASSETS		**1,388,178**	1,217,551
Capital and reserves			
Share capital		**429**	351
Reserves		**1,387,302**	1,214,365
Equity attributable to owners of the Company		**1,387,731**	1,214,716
Non-controlling interests		**447**	2,835
TOTAL EQUITY		**1,388,178**	1,217,551

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 Claredon 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 land development, money lending business, coal mining business and manufacture and sales of healthcare and household products.

   Upon the disposal of the Group's wholly owned subsidiary, Ample One Limited, the Group discontinued its operation of the production and sales of organic agricultural and fertilizers products.

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 ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning 1 January 2019. 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 consolidated financial statements and amounts reported for the current year and prior years except as stated below:

   HKFRS 16 "Leases"

   On adoption of HKFRS 16, the Group recognized right-of-use assets and lease liabilities in relation to leases which had previously been classified as "operating leases" under HKAS 17 "Leases".

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has be restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassification and the adjustments arising from the adoption of HKFRS 16 are therefore recognized in the opening balance sheet on 1 January 2019 as follows:

	1 January 2019 *HK$'000*
Increase in right-of-use assets	11,883
Increase in lease liabilities	(12,929)
Decrease in finance lease payables	1,046

The reconciliation of operating lease commitment to lease liabilities as at 1 January is set out below:

	HK$'000
Operating lease commitment as at 31 December 2018	13,904
Add: Finance lease payables	1,046
Less: Commitment relating to leases with a remaining lease term ending on or before 31 December 2019	(1,015)
Discounting	(1,006)
Lease liabilities as at 1 January 2019	12,929
Representing:	
Current	6,480
Non-current	6,449
	12,929

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

3. **REVENUE**

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

	2019	2018
	HK$'000	*HK$'000*
Manufacture and sales of healthcare and household products	**186,314**	243,570
Production and trading of agricultural and fertilizers products	**7,004**	39,402
Revenue from contracts with customers *(Note)*	**193,318**	282,972
Interest income from money lending business	**12,463**	16,145
Total revenue	**205,781**	299,117
Representing		
Continuing operations	**198,777**	259,715
Discontinued operations	**7,004**	39,402
	205,781	299,117

Note:

Disaggregation of revenue from contracts with customers:

2019

Segments	**Healthcare & household products** *HK$'000*	**Agriculture & fertilizers products** *HK$'000*	**Total** *HK$'000*
Geographical markets			
United States of America (the "**USA**")	**103,871**	**–**	**103,871**
The People's Republic of China (the "**PRC**")	**37,268**	**7,004**	**44,272**
Germany	**19,881**	**–**	**19,881**
France	**2,961**	**–**	**2,961**
United Kingdom	**7,983**	**–**	**7,983**
Japan	**1,762**	**–**	**1,762**
Hong Kong and others	**12,588**	**–**	**12,588**
	186,314	**7,004**	**193,318**

2018

Segments	Healthcare & household products *HK$'000*	Agriculture & fertilizers products *HK$'000*	Total *HK$'000*
Geographical markets			
The USA	99,995	–	99,995
The PRC	72,224	39,402	111,626
Germany	19,317	–	19,317
France	11,273	–	11,273
United Kingdom	6,458	–	6,458
Japan	1,131	–	1,131
Hong Kong and others	33,172	–	33,172
	243,570	39,402	282,972

Revenue from the sales of manufactured goods, trading of raw materials and moulds and trading of agricultural and fertilizer products are recognized on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Sales to customers are normally made with credit terms of 60 to 180 days. For new customers, cash on delivery may be required.

A receivable is recognized when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Income from scrap sales	**629**	450
Interest income	**332**	40
Rental income	**–**	58
Government grants	**–**	1,041
Reversal of impairment of trade receivables	**–**	1,133
Gain on disposals of property, plant and equipment	**37**	26
Others	**808**	1,578
	1,806	4,326
Representing		
Continuing operations	**1,498**	2,052
Discontinued operations	**308**	2,274
	1,806	4,326

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: primary land development, money lending business, coal mining business and manufacturing and sales of healthcare and household products.

Segment profits or losses do not include net gain/loss on fair value of investment at fair value through profit or loss, reversal of impairment loss on exploration and evaluation assets, impairment of loan receivables, gain on bargain purchase, impairment loss on exploration and evaluation assets and unallocated corporate income and expenses. Segment assets do not include investment at fair value through profit or loss and other unallocated assets. Segment liabilities do not include unallocated corporate liabilities. Segment non-current assets do not include financial instruments and deferred tax assets.

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

	Primary land development	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 2019:					
Revenue	**–**	**12,463**	**–**	**186,314**	**198,777**
Segment (loss)/profit	**(29,854)**	**12,470**	**(2,154)**	**20,938**	**1,400**
Finance costs	**39**	**–**	**–**	**584**	**623**
Depreciation	**1,208**	**–**	**6**	**5,277**	**6,491**
Impairment of assets	**–**	**–**	**(86,690)**	**–**	**(86,690)**
Income tax (credit)/expense	**(156)**	**–**	**–**	**1,182**	**1,026**
Additions of segment non-current assets	**–**	**–**	**–**	**–**	**–**
At 31 December 2019:					
Segment assets	**607,048**	**44,245**	**141,144**	**154,694**	**947,131**
Segment liabilities	**10,105**	**–**	**–**	**86,579**	**96,684**
Year ended 31 December 2018:					
Revenue	–	16,145	–	243,570	259,715
Segment profit/(loss)	–	13,115	(917)	20,423	32,621
Finance costs	–	–	–	793	793
Depreciation	–	–	6	4,389	4,395
Income tax expense	–	–	–	2,632	2,632
Reversal of impairment of assets	–	–	29,410	–	29,410
Additions of segment non-current assets	–	–	–	8,579	8,579
At 31 December 2018:					
Segment assets	–	130,312	227,339	165,588	523,239
Segment liabilities	–	15	–	108,147	108,162

The operation of trading of agricultural and fertilizers product in Liaoning and Nanjing was discontinued in the current year. The segment information reported does not include any amounts for the discontinued operations.

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

	2019	2018
	HK$'000	*HK$'000*
Revenue:		
Total revenue of reportable segments	**198,777**	259,715
Revenue for the year from discontinued operations	**7,004**	39,402
Consolidated revenue for the year	**205,781**	299,117
Profit or loss:		
Total profit of reportable segments	**1,400**	32,621
Loss for the year from discontinued operations	**(14,581)**	(58,928)
Net loss on fair value changes on investments at fair value through profit or loss	**(13,575)**	(15,554)
Gain on bargain purchase	**102,508**	111,733
Share of results of associates	**(1,181)**	(1,090)
(Provision)/reversal of impairment on exploration and evaluation assets	**(86,690)**	29,410
Finance costs	**(28,189)**	(65)
Corporate and unallocated loss	**(31,610)**	(43,188)
Consolidated (loss)/profit for the year	**(71,918)**	54,939
Assets:		
Total assets of reportable segments	**947,131**	523,239
Total assets from discontinued operations	**–**	194,548
Corporate and unallocated assets:		
– Bank and cash balances	**142,880**	1,160
– Investment at fair value through profit or loss	**870**	14,926
– Interest in an associate	**613,550**	617,424
– Others	**120,732**	32,106
Consolidated total assets	**1,825,163**	1,383,403
Liabilities:		
Total liabilities of reportable segments	**96,684**	108,162
Total liabilities from discontinued operations	**–**	21,898
Corporate and unallocated liabilities		
– Shareholders loans	**307,525**	–
– Others	**32,776**	35,792
Consolidated total liabilities	**436,985**	165,852

Geographical information:

Segment	2019 Revenue for the year from discontinued operations HK$'000	2019 Total revenue of reportable segments HK$'000	2018 Revenue for the year from discontinued operations HK$'000	2018 Total revenue of reportable segments HK$'000
Revenue:				
The USA	**–**	**103,871**	–	99,995
The PRC	**7,004**	**37,268**	39,402	75,791
Germany	**–**	**19,881**	–	19,317
France	**–**	**2,961**	–	11,273
United Kingdom	**–**	**7,983**	–	6,458
Japan	**–**	**1,762**	–	1,131
Hong Kong and others	**–**	**25,051**	–	45,750
	7,004	**198,777**	39,402	259,715

In presenting the geographical information, revenue is based on the location of the customers. No revenue has been recorded for primary land development and coal mining business for both years.

	2019 *HK$'000*	2018 *HK$'000*
Non-current assets:		
Indonesia	**142,851**	229,547
The PRC	**618,923**	170,919
Hong Kong and others	**620,204**	618,278
	1,381,978	1,018,744

Revenue from major customers:

	2019 *HK$'000*	2018 *HK$'000*
Healthcare and household business segment		
Customer A	**67,230**	77,552
Customer B	**47,438**	42,253

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

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interests on bank loans	**614**	917
Interests on shareholders loans	**4,902**	–
Loss on early settlement of shareholders loans	**20,874**	–
Interests on other unsecured loans	**2,015**	971
Leases interests	**996**	42
	29,401	1,930
Representing		
Continuing operations	**28,812**	858
Discontinued operations	**589**	1,072
	29,401	1,930

7. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
– Provision for the year	**2,975**	4,145
Deferred tax	**(1,949)**	(1,807)
	1,026	2,338
Representing		
Continuing operations	**1,182**	3,063
Discontinued operations	**(156)**	(725)
	1,026	2,338

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 (2018: Nil).

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

	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit before tax	**(70,892)**	57,277
Tax at the domestic income tax rate of 16.5% (2018: 16.5%)	**(11,697)**	9,451
Tax effect of non-taxable income	**(16,947)**	(23,369)
Tax effect of non-deductible expenses	**21,355**	20,274
Tax effect of temporary differences not recognized	**(156)**	(1,142)
Tax effect of utilization of tax losses not previously recognized	**(2,436)**	(3,717)
Tax effect of tax losses not recognized	**4,137**	231
Effect of different tax rates of subsidiaries	**6,770**	610
Income tax expense for the year	**1,026**	2,338

8. (LOSS)/PROFIT FOR THE YEAR

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

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**840**	880
Cost of inventories sold#	**123,347**	192,590
Depreciation – property, plant and equipment	**5,787**	12,439
Depreciation – right of use asset	**6,863**	–
Amortization – intangible asset	**6,250**	15,000
Net loss on fair value changes on investment at fair value through profit or loss	**13,575**	15,554
Provision/(reversal) of impairment on exploration and evaluation assets	**86,690**	(29,410)
Impairment of goodwill	**–**	9,977
Impairment of unpatented technology	**–**	30,680
Impairment of other assets	**–**	1,374
Impairment of property, plant and equipment	**–**	9,640
Impairment of loan receivables	**–**	3,000
Net exchange losses	**(873)**	(248)
Operating lease charges in respect of land and buildings	**229**	5,704
Research and development costs	**149**	138
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**70,892**	92,980
– Retirement benefits scheme contributions	**459**	441
	71,351	93,421

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$30,758,000 in total (2018: approximately HK$52,302,000), which are included in the amounts disclosed separately above.

9. (LOSS)/EARNINGS PER SHARE

(Loss)/basic earnings per share

Basic earnings per share

From continuing and discontinued operations

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company approximately HK$70,485,000 (2018: profit of approximately $55,386,000) and the weighted average number of ordinary shares of 10,615,461,414 (2018: 8,465,233,977) as adjusted to reflect the impact of open offers in issue during the year.

From continuing operations

The calculation of basic loss per share from continuing operations attributable owners of the Company is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK$56,327,000 (2018: profit of HK$113,867,000) and denominator used is the same as that detailed above for basic earnings per share.

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 2019 and 2018.

10. INTERESTS IN ASSOCIATES

	2019	2018
	HK$'000	*HK$'000*
Unlisted investment		
Share of net assets	**1,080,100**	617,424
Goodwill	**90,228**	–
	1,170,328	617,424

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarized financial information presented is based on the HKFRS financial statements of the associates.

Name	**Chengde CITIC Securities Jinyu Investment Development Co., Ltd**	**Pacific Memory SDN BHD**	
Principal place of business/ country of incorporation	PRC	Malaysia	
Principal activity	Primary land development	Properties development in Malaysia	
Ownership interest	42.5%	35.0%	
	2019	**2019**	2018
	HK$'000	***HK$'000***	*HK$'000*
At 31 December			
Non-current assets	**3,434,191**	**–**	–
Current assets	**485,443**	**2,383,094**	2,394,027
Non-current liabilities	**(335,456)**	**(557,432)**	(559,884)
Current liabilities	**(2,391,138)**	**(72,663)**	(70,074)
Net assets (net of non-controlling interests)	**1,097,765**	**1,752,999**	1,764,069
Group's share of net assets	**466,550**	**613,550**	617,424
Year ended 31 December			
Revenue	**–**	**–**	–
Loss for the year	**69,854**	**3,374**	3,113
Other comprehensive loss	**63,911**	**7,696**	108,705
Total comprehensive loss	**133,765**	**11,070**	111,818

11. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Convertible bonds, at fair value	(a)	**–**	14,028
Equity securities listed in Hong Kong, at fair value	(b)	**870**	898
		870	14,926
Analyzed as:			
– Current assets		**870**	898
– Non-current assets		**–**	14,028
		870	14,926

Notes:

(a) On 31 December 2019, the convertible bond was converted into 13,470,386 shares of Union Asia Enterprise Holdings Ltd, a company listed on the Growth Enterprise Market of the Stock Exchange.

(b) At 31 December 2019, the fair value of the listed equity securities, amounting to approximately HK$870,000 (2018: approximately HK$898,000), was determined based on the quoted market bid prices of the corresponding listed equity securities.

12. LOANS AND INTERESTS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Loans receivables	**43,992**	124,000
Impairment allowance	**(3,000)**	(3,000)
	40,992	121,000
Interests receivables	**3,325**	9,251
	44,317	130,251

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

	2019	2018
	HK$'000	*HK$'000*
0 to 6 months	**31,492**	89,300
7 to 12 months	**9,500**	31,700
	40,992	121,000

13. TRADE AND OTHER RECEIVABLES

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

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**14,162**	31,169
31 to 90 days	**17,353**	21,316
91 to 180 days	**8,191**	11,073
Over 180 days	**–**	13,331
	39,706	76,889

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 2019, trade receivables and bills receivables of approximately HK$599,000 (2018: approximately HK$2,484,000) are assigned to a bank for a factoring loan facility.

14. TRADE AND OTHER PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**5,827**	9,113
31 to 90 days	**10,477**	15,668
91 to 180 days	**5,468**	9,217
Over 180 days	**948**	2,928
	22,720	36,926

15. DIVIDENDS

The Directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2019 and 2018.

16. ACQUISITION OF SUBSIDIARIES

On 21 January 2019, the Group acquired 100% of the issued share capital of Hong Kong Zhongzheng City Investment Limited at a total consideration of approximately HK$516,037,000 which is comprised of a cash consideration of approximately HK$295,077,000 and the issue of 1,938,248,881 ordinary shares of the Company at HK$0.114 per share. Hong Kong Zhongzheng City Investment Limited was engaged in primary land development in the PRC during the period.

The fair value of the identifiable assets and liabilities of Hong Kong Zhongzheng City Investment Limited acquired as at its date of acquisition is as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	257
Interests in associates	610,254
Other receivables	3,888
Cash and bank balances	15,593
Trade and other payables	(4,330)
	625,662
Non-controlling interest	(7,117)
Gain on bargain purchase	(102,508)
	516,037
Satisfied by:	
Cash	295,077
Issue of consideration shares	220,960
Total consideration transferred	516,037
Net cash outflow arising on acquisition:	
Cash consideration paid	295,077
Cash and cash equivalents acquired	(15,593)
	279,484

The fair value of the 1,938,248,881 ordinary shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date.

The Group recognised a gain on bargain purchase of approximately HK$102,508,000 in the business combination. The business combination results in a gain on bargain purchase because, on the date of acquisition, the closing market price of the Company's ordinary shares decreased as compared to the issue price of the consideration shares which was determined at the time when the acquisition agreement was entered into.

17. DISCONTINUED OPERATIONS

Pursuant to an agreement dated 31 May 2019 entered into between a subsidiary of the Company, Access Sino Investments Limited and an independent third party, Access Sino Investments Limited disposed of 100% equity interest in Ample One Limited and its subsidiaries for a total cash consideration of HK$166,400,000 resulting in a loss on disposal of subsidiaries of approximately HK$7,362,000.

The loss for the year from the discontinued operations is analysed as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss of discontinued operations	**(7,219)**	(58,928)
Loss on disposal of discontinued operations	**(7,362)**	–
	(14,581)	(58,928)

The results of the discontinued operations for the period from 1 January 2019 to 31 May 2019, which have been included in consolidated profit or loss, are as follows:

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	3	**7,004**	39,402
Cost of goods sold		**(3,078)**	(16,307)
Gross profit		**3,926**	23,095
Other income		**308**	2,274
Selling and distribution expenses		**(1,051)**	(7,366)
Administrative expenses		**(9,969)**	(24,913)
Impairment of unpatented technology		**–**	(30,680)
Impairment of other assets		**–**	(1,374)
Impairment of property, plant and equipment		**–**	(9,640)
Impairment of goodwill		**–**	(9,977)
Finance costs	6	**(589)**	(1,072)
		(7,375)	(59,653)
Taxation	7	**156**	725
Loss of discontinued operations		**(7,219)**	(58,928)

The disposed subsidiaries were engaged in the trading of agricultural and fertilizers product business during the period. The disposal was completed on 31 May 2019 and the Group discontinued its trading of agricultural and fertilizers product business.

The net assets of the disposed subsidiaries at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	32,754
Intangible assets	64,320
Other assets	7,298
Inventories	5,993
Trade and other receivables	78,232
Cash and bank balances	1,018
Trade and other payables	(5,697)
Borrowings	(12,703)
Deferred taxation	(1,949)
Net assets disposed of:	169,266
Release of foreign currency translation reserve	6,908
Non-controlling interests	(2,412)
Loss on disposal of subsidiaries	(7,362)
Total consideration	166,400
Satisfied by:	
Cash received	80,000
Consideration receivables	86,400
Total consideration	166,400
Net cash outflow arising on disposal:	
Cash consideration received	80,000
Cash and cash equivalents disposed	(1,018)
	78,982

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Results for the year

Revenue of the Group for the year ended 31 December 2019 amounted to HK$198.8 million, which represented a decrease of approximately 23.5% as compared to HK$259.7 million in 2018.

The consolidated loss of the Group for the year ended 31 December 2019 amounted to HK$71.9 million as compared to the profit of HK$54.9 million in 2018.

Following is the review of the principal activities of the Group in 2019 and outlook of the Group's business in 2020.

Land and property development projects

Primary land development

The Company entered into an acquisition agreement with Shenzhen Qianhai CITIC Securities City Development Management Co., Ltd ("**Qianhai CITIC**"). in September 2018 to acquire Hong Kong Zhongzheng City Investment Limited ("**Zhongzheng City Investment**"), which is principally engaged in primary land development projects in the People's Republic of China (the "**PRC**"). The Company completed the acquisition on 21 January 2019, details of which is set out in the announcements of the Company dated 16 September 2018, 19 December 2018, 2 January 2019, 15 January 2019 and 21 January 2019 and the circular of the Company dated 21 December 2018.

There are several projects under Zhongzheng City Investment. The major project is located at Luanping County, Chengde, Hebei Province, the PRC (the "**Luanping Project**"). Chengde CITIC Securities Jinyu Urban and Rural Development Co., Ltd.* (承德中證金域城鄉開發有限公司) is the project company of the Luanping Project. It is a 90%-owned subsidiary of Chengde CITIC Securities Jinyu Investment Development Co., Ltd.* ("**CITIC Jinyu**", 承德中證金域投資開發有限公司), which is owned as to 42.5% by the Group. The loss of CITIC Jinyu amounted to approximately HK$69.9 million for the year ended 31 December 2019, which mainly represented the operating expenses and finance costs incurred for the Luanping Project.

During the year ended 31 December 2019, the operations of all the property development projects for Luanping County, including the Luanping Project, were suspended by the local government due to ecological environment issues. As a result, the budget of the aggregate area of developed land to be sold is revised downward for 2019. Based on communication with the local government, the Luanping Project has been resumed for work during the end of 2019 and the first land auction was held in January 2020.

Property development

In July 2019, the Company entered into an acquisition agreement with Qianhai CITIC to acquire Shenzhen Qianhai CITIC Huateng Industrial Co., Ltd. ("**Qianhai Huateng**"). The acquisition includes two property development projects: Nancheng District, Dongguan City, Guangdong Province (the "**Dongguan Project**"), and Liuhe District, Nanjing City, Jiangsu Province (the "**Nanjing Project**"). The Company completed the acquisition on 19 March 2020.

For details of the acquisition, please refer to the announcements of the Company dated 7 July 2019, 9 September 2019, 16 September 2019, 30 December 2019, 19 February 2020, 6 March 2020 and 19 March 2020, and the circular of the Company dated 18 September 2019.

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 is 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. During September 2019, Pacific Memory has signed a letter of intent with Hard Rock Hotel. A hotel of approximately 300 guests rooms with 10% suites and approximately 4,000 square meters of meeting space is planned to be developed and managed by Hard Rock Hotel for a term of 20 years. During December 2019, the temporary building layout plan for the first phase was available. According to the plan, the first phase includes open parking, sales gallery, hotel (as mentioned), show unit, retails, event space, glamping site and outdoor garden.

Money lending business

The segmental revenue being interest income from the Group's money lending business in 2019 was HK$12.5 million (2018: HK$16.1 million). Depending on the nature and terms and conditions of each loan that was made, interest rate ranged from 7% per annum to 24% per annum during the year under review. Total loans receivables as at 31 December 2019 were HK$41 million (31 December 2018: HK$121 million) after reviewing the risk of default of individual borrowers and making an impairment allowances of HK$3 million (2018: HK$3 million).

Coal mining business

In 2019 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 2019.

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 PT Bara Mine, signed an co-operation agreement 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. The co-operation agreement expired on 31 December 2019. As at the date of this report, there was still no coal production in the PT Bara Mine. The Company is 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 co-operation 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 2019.

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 to approximately HK$2.1 million in 2019 as compared to HK$0.9 million in 2018.

The coal resource estimates as at 31 December 2019 were as follows:

	Coal Resource Estimate *(in thousand tonnes)* **As at 31 December 2019**	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 2019 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 Fairdex Valuation Advisory Limited ("**Fairdex**") to assist the management to determine the fair value (the "**2019 Valuation**") and the impairment, if any, of the PT Bara Mine for the year ended 31 December 2019. Fairdex, after considering the different approaches of valuation of asset, had selected to use the Comparable Transaction Method under the market approach in the 2019 Valuation. 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. Fairdex 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$66.30/tonne as at 31 December 2019 (US$77.23/tonne as at 31 December 2018) divided by the US$ 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)*
23 Sep 2019	Geo Energy Resources Ltd	PT Bara Anugrah Sejahtera PT Banjarsari Pribumi	51%	89	25
11 Jan 2019	PT PLN Coal Investment	PT Banyan Koalindo Lestari	51%	55	30
16 Aug 2018	Banpu Plc Thailand	PT Nusa Persada Resources	100%	77	30
11 Nov 2017	Banpu Plc Thailand	PT Tepian Indah Sukses	70%	10	10
18 Jul 2016	Geo Energy Resources Ltd	PT Tanah Bumbu Resources	99%	55	90
26 Dec 2015	Geo Energy Resources Ltd	Borneo International Pte Ltd	34%	53	25
30 Nov 2015	Agritrade Resources	PT Merge Mining Holding Ltd	51%	144	50

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)*	**Coal Price per tonne** *(USD)*
31 Dec 2019	**Fairdex Effective Valuation Date for the mineral asset**	**66.30**	
23 Sep 2019	Geo Energy Resources Ltd acquired PT Bara Anugrah Sejahtera and PT Banjarsari Pribumi	65.79	0.56
11 Jan 2019	PT PLN Coal Investment acquired PT Banyan Koalindo Lestari	92.41	0.76
16 Aug 2018	Banpu Plc Thailand acquired PT Nusa Persada Resources	107.83	0.24
11 Nov 2017	Banpu Plc Thailand acquired PT Tepian Indah Sukses	94.80	0.98
18 Jul 2016	Geo Energy Resources Ltd acquired PT Tanah Bumbu Resources	53.00	2.07
26 Dec 2015	Geo Energy Resources Ltd acquired Borneo International Pte Ltd	53.51	1.75
30 Nov 2015	Agritrade Resources acquired PT Merge Mining Holding Ltd	54.43	0.83

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), Fairdex 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 2019:

Table 4 – Reconciliation of fair value change

Item	**2019**	2018	**Effect on Fair Value**	**Fair Value** *(HK$ million)*
As at 31 December 2018				228.69
Change in prevailing coal price (US$/tonne)	**66.30**	77.23	Decrease	(23.00)
Market transaction update	**1.03**	1.64	Decrease	(61.00)
Change in exchange rate (US$: HK$)	**7.7900**	7.8319	Decrease	(2.69)
Valuation adjustment on the Indicated Resources	**20%**	20%	Unchange	–
As at 31 December 2019				142.00

As shown in the above tables, the assumptions changes in the 2019 Valuation were: (1) prevailing coal price; (2) market transaction reference; and (3) exchange rate. The primary change in valuation assumption would be the decrease in prevailing coal price (which is the dominant factor for the decrease in valuation) and this resulted in the fair value decreased in 2019. The decrease 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 2019 Valuation, the recoverable amount of the exploration and evaluation assets was less than the carrying amount as at 31 December 2019. Accordingly, an impairment loss of HK$86.7 million was recognized for the year ended 31 December 2019 (2018: reversal of impairment loss of HK$29.4 million).

Manufacture and sale of healthcare and household products

As mentioned in our Interim Report 2019, the revenue of the Group's manufacturing business has decreased by 15.9% in the first half of 2019 when compared to the corresponding period in 2018 and such trend has continued in the second half of 2019. Full year revenue for 2019 decreased by HK$57.3 million or by approximately 23.5% to HK$186.3 million as compared to HK$243.6 million in 2018. The decrease in revenue is mainly attributable to the decrease in sales to the PRC. Sales to the PRC decreased by approximately HK$35 million mainly due to stiff competition in the electric toothbrushes market and the phase-out of certain projects. Sales to the United States of America (the "**USA**") increased by approximately HK$3.9 million. In addition to the organic growth, the growth was attributed to the introduction of new products. Sales to Hong Kong and other countries decreased by approximately HK$20.6 million mainly due to a customer had shifted the production of one of its existing product lines to us temporarily during 2018 and there was no such event during 2019. Sales to Europe also decrease with the decrease in sales in France of HK$8.2 million despite there was an increase in sales in Germany of HK$0.5 million.

Gross profit margin increased from approximately 27.6% in 2018 to approximately 33.8% in 2019 mainly due to increase sales for products with higher gross profit margin and improvement in process and enhancement in automation. Gross profit decreased slightly by HK$4.2 million to HK$63.0 million in 2019 as compared to HK$67.2 million in 2018. The decrease in gross profit was attributable to the abovementioned decrease in revenue. Overall, the Group's manufacturing business recorded a segmental profit of HK$20.9 million in 2019 as compared to profit of HK$20.4 million in 2018.

Since sales of the manufacturing business has decreased noticeably in 2019, the Company remains cautious about the outlook of the global consumer market in 2020 with trade tensions between the USA and the PRC continue and the outbreak of coronavirus. On the other hand, with rising labour cost and profit margins under constant pressure, the Company will continue focusing to improve productivity and efficiency.

Discontinued operations

Revenue of the organic agricultural and fertilizers business decreased by approximately HK$32.4 million, or 82.2%, from approximately HK$39.4 million for the year ended 31 December 2018 to approximately HK$7.0 million for the year ended 31 December 2019. The decrease was mainly due to the loss of its market share and disposal of business as mentioned below. Gross profit margin decreased from 58.8% in 2018 to 56.1%, which was mainly attributable to the increase in raw material cost. As a result of the foregoing, the gross profit decreased by approximately HK$19.2 million, or 83.2%, from approximately HK$23.1 million for the year ended 31 December 2018 to approximately HK$3.9 million for the year ended 31 December 2019. The segment recorded a loss of approximately HK$7.2 million for the year ended 31 December 2019 as compared to a loss of approximately HK$58.9 million for the year ended 31 December 2018.

As disclosed in the Company's announcement dated 31 May 2019, Access Sino Investments Limited, a direct wholly-owned subsidiary of the Company (the "**Vendor**"), Joyful Treasure Enterprises Limited (the "**Purchaser**") and Mr. Wong Ching Ka (the "**Guarantor**") entered into an agreement, pursuant to which, among other things, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire issued share capital of Ample One Limited ("**Ample One**"), a then indirect wholly-owned subsidiary of the Company, at the consideration of HK$166,400,000 (the "**Agreement**"). The Guarantor has agreed to guarantee the performance of the obligations of the Purchaser subject to and upon the terms and conditions of the Agreement. Both the Purchaser and the Guarantor are third parties independent of the Company and its connected persons.

Ample One was an investment holding company and its subsidiaries were principally engaged in the production and sale of organic agricultural and fertilizers products in the PRC. Upon the completion of the disposal in accordance with the terms and conditions of the Agreement, Ample One ceased to be a subsidiary of the Company and the financial results of Ample One together with its subsidiaries are no longer consolidated into the financial statements of the Group. The Group is no longer engaged in the organic agricultural and fertilizers business.

The Group recorded a loss of approximately HK$7.4 million from the above disposal.

Other gains and losses

The Group recorded a loss of approximately HK$71.9 million for the year ended 31 December 2019 as compared to a profit of approximately HK$54.9 million for the year ended 31 December 2018 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$2.5 million mainly due to the disposal of the business of the production and sales of organic agricultural and fertilizer products. For the year ended 31 December 2018, the amount of other income contributed by such segment was approximately HK$2.3 million, including government and other miscellaneous income;

(iii) administrative expenses decreased by approximately HK$24.2 million mainly due to the decrease in legal and professional fees of HK$7.8 million mainly due to less corporate exercises took place in 2019;

(iv) net loss of HK$13.6 million (2018: net loss of HK$15.6 million) on fair value changes on financial assets at fair value through profit or loss which was mainly due to a fair value loss of HK$13.2 million (2018: a fair value loss of HK$15.4 million) on convertible bonds held by the Company;

(v) the Group recognized a gain on bargain purchase of approximately HK$102.5 million in the acquisition of Zhongzheng City Investment. The gain on bargain purchase was mainly attributable to the decrease in the market price of the shares of the Company upon business combination. The gain on the bargain purchase was an one-off non-cash adjustment which has no impact on the Group's operating cash flow;

(vi) the Company has carried out review of the recoverable amount of certain property, plant and equipment and other assets. Accordingly, during the year ended 31 December 2019, the reviews led to the recognition of an impairment loss on exploration and evaluation assets of approximately HK$86.7 million (2018: reversal of impairment loss of approximately HK$29.4 million). For the year ended 31 December 2018, the reviews led to the recognition of impairment loss on unpatented technology, property, plant and equipment and goodwill of approximately HK$30.7 million, HK$9.6 million and HK$10.0 million respectively. There was no such impairment during the year ended 31 December 2019;

(vii) share of loss of associates increased by approximately HK$26.0 million from approximately HK$1.1 million for the year ended 31 December 2018 to approximately HK$27.1 million for the year ended 31 December 2019. In addition to the 35% of interest held by the Group in Pacific Memory, the increase was due to the 42.5% interest in Chengde CITIC Securities Jinyu Investment Development Co., Ltd., which was part of the acquisition of the company principally engaged in primary land development project in the PRC during the year; and

(viii) finance costs increased by HK$27.5 million to HK$29.4 million (2018: HK$1.9 million) was mainly due to loss on early settlement of shareholders loans of HK$20.9 million (2018: Nil).

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 Zhongzheng City Investment, which is principally engaged in primary land developments projects in the PRC, on 21 January 2019.

To further enhance Shareholders' value, the Company has identified another acquisition target, Qianhai Huateng, with potential growth and entered into an acquisition agreement with Qianhai CITIC in July 2019 to acquire Qianhai Huateng which is principally engaged in property development projects in the PRC. The Company completed the acquisition on 19 March 2020. For details and prospect of the acquisition, please refer to the paragraph headed "Land and property development projects" above.

With the outbreak of coronavirus and trade tensions between the USA and China, the Group remains cautious about the export and sale of healthcare and household products. In addition to improvement in productivity and efficiency, the Group will strive to increase the market share in areas other than the USA.

The progress of Luanping, Dongguan and Nanjing Projects have been delayed due to the outbreak of coronavirus. However, the impact is not material with the improvement in the situation of the coronavirus in the PRC. Favorable fiscal and monetary policies are expected from the Central Government to stimulate the economy of PRC. Moreover, the new urbanization policy will undoubtedly boost the demand of residential properties in urban areas. As a result, the Group remains cautiously optimistic about the property market in the PRC.

The Company believes that with these acquisitions, the Group has positioned itself for continuous growth and success.

THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES

Cash position

As at 31 December 2019, the Group had cash and bank deposits of HK$166.9 million (2018: HK$18.3 million) including a foreign currency deposits denominated in Renminbi ("**RMB**") amounted to HK$5.8 million (2018: HK$9.8 million).

Current ratio

As at 31 December 2019, the Group had net current assets of HK$108.2 million (2018: HK$198.5 million) and current ratio (being current assets over current liabilities) of 1.32 (2018: 2.30).

Debts and borrowings

As at 31 December 2019, the Group had total debts and borrowings of HK$320.3 million (2018: HK$17.7 million) which included unsecured loan from a financial institution, secured bank loan, unsecured other loans and secured factoring loans in total of HK$320.3 million (2018: HK$16.7 million).

Gearing ratio

The Group's gearing ratio being total debt over total equity is 23.1% (2018: 1.4%).

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

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in 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 arises 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, and 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.

Fund Raising Activities

The Company has not conducted any fund raising activities in 2019.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Company completed the acquisition of Zhongzheng City Investment on 21 January 2019. Zhongzheng City Investment has become a subsidiary of the Company and its financial results were consolidated into the results of the Group for the year ended 31 December 2019. For details of the acquisition, please refer to the paragraph headed "Land and property development projects" above.

In July 2019, the Company entered into an acquisition agreement with Qianhai CITIC to acquire Qianhai Huateng, which is principally engaged in property development projects in the PRC. The acquisition was completed on 19 March 2020.

In May 2019, the Group disposed the entire issued share capital of Ample One, a then indirect wholly-owned subsidiary of the Company. For details of the disposal, please refer to the paragraph headed "Discontinued operations" above.

Saved as disclosed above, the Group had neither any material acquisition nor disposal in 2019.

MATERIAL CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2019.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group had 25 employees (2018: 31) in Hong Kong, 753 employees (2018: 953) in the PRC and 1 employee (2018: 2) in Indonesia. Employees' remunerations 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 a share option scheme which was approved in a shareholders' special general meeting on 31 August 2015 (the "**2015 Share Option Scheme**"). Under the 2015 Share Option Scheme, the Company may offer share options to any persons who the Board considered, in its sole discretion, have contributed or will contribute to the Group. Details of the 2015 Share Option Scheme were set out in the Company's circular dated 14 August 2015. No share options were granted or exercised during both 2019 and 2018 under the 2015 Share Option Scheme.

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 2019 (2018: Nil).

CORPORATE GOVERNANCE

During the year ended 31 December 2019, 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 2019.

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 2019 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 2019. 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 2019, containing all the information required by Appendix 16 to the Listing Rules, will be despatched 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, 20 March 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Leung Chung Shan, Mr. Tam Lup Wai, Franky, Mr. Liu Liyang and Mr. Chan Tat Ming, Thomas; one non-executive Director, namely Mr. Lim Kim Chai, J.P.; and three independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Leung Chi Hung and Mr. Li Hon Kuen.

* *For identification purpose only*