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## **eFORCE HOLDINGS LIMITED**

**意科控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 943)

**(I) PROPOSED SHARE CONSOLIDATION;  
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF SIXTEEN  
RIGHTS SHARES FOR EVERY ONE CONSOLIDATED SHARE  
HELD AT THE RECORD DATE AND TIME;  
AND  
(III) RESUMPTION OF TRADING**

**Underwriter to the Rights Issue**



**FREEMAN SECURITIES LIMITED**

### **PROPOSED SHARE CONSOLIDATION**

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten issued and unissued Existing Shares of HK\$0.001 each into one Consolidated Share of HK\$0.01.

In order to facilitate the proposed Share Consolidation, the Company intends to repurchase three (3) Existing Shares in issue so that 327,560,590 Existing Shares in issue will be consolidated.

\* For identification purpose only

## **PROPOSED RIGHTS ISSUE**

Conditional upon the Share Consolidation becoming effective, the Company proposes to raise approximately HK\$262.05 million before expenses (assuming no issue of new Shares, no further repurchase of Shares or no grant of Share Option under the Scheme Mandate Limit on or before the Record Date and Time), by way of Rights Issue of 524,096,944 Rights Shares at the Subscription Price of HK\$0.5 per Rights Share on the basis of sixteen (16) Rights Shares for every one (1) Consolidated Share held at the Record Date and Time and payable in full on acceptance.

The estimated net proceeds from the Rights Issue will be approximately HK\$252 million and are intended to be used to pay the accrued interest and repay the principal amount of the HK\$250 million 2% Series B Convertible Bonds due 2015.

## **THE IRREVOCABLE UNDERTAKING**

As at the date of this announcement, the CB holder and its ultimate beneficial owner have jointly and severally, irrevocably and unconditionally, given an Irrevocable Undertaking, in favour of the Company and the Underwriter, among other things, that each of them will not exercise any of the conversion rights under the outstanding Series B Convertible Bonds or transfer or dispose of the outstanding Series B Convertible Bonds (including any interest therein) to other third party from the date of Irrevocable Undertaking up to and including the Record Date and Time (both days inclusive).

## **GENERAL**

The Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholder and their associates, or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Rights Issue. As at the date of this announcement, there is no controlling Shareholder. As at the date of this announcement, none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates has any Existing Shares.

The Company will establish an independent board committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms the Rights Issue are fair and reasonable.

A circular containing, among other things, further details of the Share Consolidation and the Rights Issue and a notice convening the SGM will be despatched by the Company to the Shareholders on or before 20 June 2014. Upon passing of the necessary resolution(s) by the Shareholders (where applicable, the Independent Shareholders) at the SGM approving the Share Consolidation and the Rights Issue and upon the Share Consolidation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable whereas the Prospectus will be despatched to the Excluded Shareholders for their information only.

#### **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM**

**The Rights Issue is fully underwritten by the Underwriter and is conditional upon the fulfillment of the conditions set out in the section headed “Conditions of the Rights Issue” in this announcement. In particular, the Rights Issue is conditional, among others, upon:**

- (i) the Listing Committee granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in, the Rights Shares in nil-paid and fully-paid forms prior to Wednesday, 6 August 2014, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter); and**
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the section headed “Termination of the Underwriting Agreement” in this announcement).**

**If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.**

**Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between 6 August 2014 to 13 August 2014 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in Existing Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 9 May 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 May 2014.

## **PROPOSED SHARE CONSOLIDATION**

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten issued and unissued Shares of HK\$0.001 each into one Consolidated Share of HK\$0.01.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 1,000,000,000,000 Existing Shares of HK\$0.001 each, of which 327,560,593 Existing Shares have been issued and are fully paid. In order to facilitate the proposed Share Consolidation, the Company intends to repurchase three (3) Existing Shares so that 327,560,590 Existing Shares in issue will be consolidated. As the repurchase of Existing Shares will be conducted by the Company within ten (10) business days of this announcement, no prior approval of the Stock Exchange pursuant to Rule 10.06(3) of the Listing Rule is required.

Assuming that no further Existing Shares are issued or repurchased between the date of this announcement and the date of the SGM (save and except the repurchase of three (3) Existing Shares in issue as mentioned above), immediately after the Share Consolidation, the authorised share capital of the Company will become HK\$1,000,000,000 divided into 100,000,000,000 Consolidated Shares of HK\$0.01 each, of which 32,756,059 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Bye-Laws. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefit of the Company.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders as a whole. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

### **Odd lots arrangements and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker has been appointed to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for the period from 9:00 a.m. on Monday, 4 August 2014 to 4:00 p.m. on Friday, 22 August 2014 (both dates inclusive). Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the Circular to be despatched to the Shareholders.

### **Reasons for the Share Consolidation**

The Share Consolidation will increase the nominal value of the shares of the Company. It is expected that the Share Consolidation would bring about corresponding upward adjustments in the trading price of the Consolidated Shares (i.e. based on the closing price of HK\$0.255 per Existing Shares as quoted on the Stock Exchange on the Last Trading Day, the trading price of the Consolidated Shares will be HK\$2.55) on the Stock Exchange and the Board believes that it may attract more investors and extend the shareholders base of the Company. The Board therefore believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Share Consolidation**

The Share Consolidation (which will be effected in accordance with the Bye-Laws and the Companies Act) is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders to approve the Share Consolidation at the SGM to be convened by the Company; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation.

Assuming the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on the business day next following the date that the relevant resolution(s) approving the Share Consolidation. Subject to the requisite resolution(s) at the SGM approving the Share Consolidation being passed the Share Consolidation will not violate the laws of Bermuda.

### **Listing and Dealings**

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

### **Free exchange of Share certificates**

Subject to the Share Consolidation becoming effective, Shareholders may submit certificates for the Existing Shares, to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange from Monday, 21 July 2014 to Tuesday, 26 August 2014 (both dates inclusive), at the expense of the Company for certificates of the Consolidated Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever number of certificates cancelled/issued is higher. The existing certificates will be valid for trading and settlement up to 4:00 p.m. on Friday, 22 August 2014, being the latest time for trading in board lot of 4,000 Consolidated Shares in the form of existing certificates (or such other date which will be announced by the Company) and will continue to be good evidence of legal title after the Share Consolidation has become effective and may be exchanged for certificates of the Consolidated Shares at any time in accordance with the foregoing.

The new share certificates for the Consolidated Shares will be issued in green colour in order to distinguish them from the existing purple colour.

### **Trading arrangement for the Consolidated Shares**

Subject to the Share Consolidation becoming effective, the arrangements proposed for dealings in the Consolidated Shares are expected to be as follows:

- (i) from 9:00 a.m. on Monday, 21 July 2014, the original counter for trading in the Existing Shares in board lots of 4,000 Existing Shares will be temporarily closed and a temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares will be set up and opened;
- (ii) with effect from 9:00 a.m. on Monday, 4 August 2014, the original counter for trading in the Consolidated Shares will be re-opened in board lots of 4,000 Consolidated Shares;

- (iii) during the period from 9:00 a.m. on Monday, 4 August 2014 to 4:00 p.m. on Friday, 22 August 2014 (both dates inclusive), there will be parallel trading at the above two counters; and
- (iv) the temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares will be removed after the close of trading at 4:00 p.m. on Friday, 22 August 2014. Thereafter, trading will only be in board lots of 4,000 Consolidated Shares with new share certificates and the existing share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates will remain effective as documents of title on the basis of ten (10) Existing Shares for one (1) Consolidated Share.

### **PROPOSED RIGHTS ISSUE**

The Rights Issue is proposed to take place after the Share Consolidation becoming effective.

#### **Issue statistics**

Basis of the Rights Issue:	Sixteen (16) Rights Shares for every one (1) issued Consolidated Share held at the Record Date and Time and payable in full on acceptance
Subscription Price:	HK\$0.5 per Rights Share
Number of Existing Shares in issue as at the date of this announcement:	327,560,593 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:	32,756,059 Consolidated Shares (assuming that no further shares of the Company are issued or repurchased between the date of this announcement and the date of the SGM)
Number of Rights Shares:	524,096,944 Rights Shares
Number of Consolidated Shares in issue upon completion of the Rights Issue:	556,853,003 Consolidated Shares

Save for the outstanding Series B Convertible Bonds, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into shares of the Company as at the date of this announcement.

### **Subscription Price**

The Subscription Price is HK\$0.5 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue and, where applicable, application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 80.39% to the adjusted closing price of HK\$2.55 per Consolidated Share, based on the closing price of HK\$0.255 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 80.24% to the adjusted average closing price of HK\$2.53 per Consolidated Share, based on the average closing price of HK\$0.253 per Existing Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 19.43% to the theoretical ex-rights price of HK\$0.6206 per Consolidated Share after the Rights Issue, based on the closing price of HK\$0.255 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iv) a discount of approximately 78.07% to the unaudited net asset value per Consolidated Share of approximately HK\$2.28 as at 31 December 2013 as adjusted for the Share Consolidation and after taking into account of the convertible bonds with principal amount of HK\$200,000,000 converted into new ordinary shares of HK\$0.001 each in the Company with exercise price of HK\$1.85 per share on 28 February 2014 and the net proceeds of approximately HK\$8.1 million from the placing of Existing Shares completed on 15 April 2014.

### **Basis of determining the Subscription Price**

The Subscription Price was a commercial decision and was arrived at after arm's length negotiation between the Company and the Underwriter with reference to (i) the low trading liquidity of the Shares for the recent 12 months; (ii) the net loss and financial position of the Group; (iii) a discount of approximately 19.43% to the theoretical ex-rights price of HK\$0.6206 per Consolidated Share after the Rights Issue and the discount was set out in line with the market practice; and (iv) it is in line with the



general market practice for the listed companies on the Stock Exchange to issue right shares at a discount to the prevailing market price in order to enhance the attractiveness of the Rights Issue and an objective of the Company to encourage the participation of Shareholders in the Rights Issue and so as to participate in the potential future growth of the Company. The Directors (including the independent non-executive Directors) consider that the Subscription Price was set at a discount to the prevailing market price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the estimated net proceeds from the Rights Issue will be approximately HK\$252 million (assuming no further issue of new shares of the Company on or before the Record Date and Time), the net price per Rights Share will be approximately HK\$0.4808.

### **Basis of provisional allotment**

On the basis of provisional allotment of sixteen (16) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date and Time, application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied therefor. On the same basis, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not being Excluded Shareholders at the Record Date and Time. In order to be registered as members of the Company at the Record Date and Time, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong by 4:30 p.m. (Hong Kong time) on Friday, 25 July 2014.

The Company's branch share registrar in Hong Kong is:

Tricor Tengis Limited  
Level 22, Hopewell Centre,  
183 Queen's Road East, Hong Kong

### **Rights of the Excluded Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders. If, based on legal opinions provided by the legal advisors to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place of his registered address or the requirements of the relevant regulatory body or stock exchange in that place, the Directors may exercise their discretion given to them under the Bye-Laws to exclude such Overseas Shareholders from the Rights Issue.

The Company will send the Prospectus to the Excluded Shareholders for their information only. The Company will not send any PAL and EAF to them. The Excluded Shareholders will be entitled to attend and vote at the SGM.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid to the Excluded Shareholders pro-rata to their shareholdings held at the Record Date and Time. In light of the administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Excluded Shareholders to the Rights Shares, together with any unsold Rights Shares created by adding together any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders.

#### **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted.

**Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the EAF as indicated thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar so as to be received by no later than 4:00 p.m. on Monday, 18 August 2014. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "eFORCE HOLDINGS LIMITED – EAF" and crossed "Account Payee Only".**

The Directors will allocate the excess Rights Shares on a fair and equitable basis. Subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to those who have applied for excess Rights Shares on a pro rata basis by reference to the number of excess Rights Shares being applied for under each application. There is no odd lot arrangement after the excess Rights Shares are allotted. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Any fractional entitlement for the excess Rights Shares will be rounded up to the nearest whole number to the best effort and issued to such Qualifying Shareholder who applies for excess Rights Shares.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

The allocation of excess Rights Shares (if any) to the Qualifying Shareholders will be announced by the Company on or about 27 August 2014. If no excess Rights Shares are allotted to the Qualifying Shareholders, it is expected that a cheque for the amount tendered on application will be refunded in full without interest on or before 28 August 2014. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, a cheque for the amount of the surplus application monies are also expected to be refunded to them without interest on or before 28 August 2014.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or cashier's order in payment for excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

Completion and return of the EAF by anyone outside Hong Kong will constitute a warranty and representation to the Company that all these local registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the EAF and any application under it, have been, or will be, duly complied with. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date and Time.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled or waived (as applicable), the monies received in respect of the relevant applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by the ordinary post to their respective addresses at their own risk as soon as practicable thereafter.

### **Closure of register of members**

The register of members of the Company, in relation to the Rights Issue, will be closed from Monday, 28 July 2014 to Friday, 1 August 2014, both dates inclusive. No transfer of shares of the Company will be registered during this period.

In view of the prevailing market conditions of the capital market in Hong Kong and the benefits of the Rights Issue, the Directors (excluding the independent non-executive Directors whose opinion will be set forth in the Circular to be despatched to the Shareholders, after having been advised by an independent financial adviser) consider that the terms of the Rights Issue are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

### **Share certificates for the Rights Shares and refund cheques**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully paid Rights Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Rights Shares on 28 August 2014 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on 28 August 2014 by ordinary post to the applicants at their own risk.

The first day of dealing in the Rights Shares in their fully-paid form is expected to commence on 9:00 a.m. on Friday, 29 August 2014.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms). No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

The nil-paid Rights Shares, fully-paid Right Shares will be traded in board lots of 4,000 Consolidated Shares.

Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Irrevocable Undertakings**

As at the date of this announcement, the CB holder and its ultimate beneficial owner have jointly and severally, irrevocably and unconditionally, given an Irrevocable Undertaking, in favour of the Company and the Underwriter, among other things, that each of them will not exercise any of the conversion rights under the outstanding Series B Convertible Bonds or transfer or dispose of the outstanding Series B Convertible Bonds (including any interest therein) to other third party from the date of Irrevocable Undertaking up to and including the Record Date and Time (both days inclusive).

Save for the above, as at the date of this announcement, the Board has not received any information or irrevocable undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

## UNDERWRITING ARRANGEMENT

### The Underwriting Agreement

Date:	22 May 2014
Underwriter:	Freeman Securities Limited
Total number of Rights Shares being underwritten by the Underwriter:	The Underwriter has conditionally agreed to fully underwrite 524,096,944 Underwritten Shares not taken up by the Qualifying Shareholders
Commission:	3.0% of the aggregate Subscription Price in respect of the number of Underwritten Shares as determined on the Record Date and Time

The Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Pursuant to the Underwriting Agreement, the Company also undertakes to the Underwriter not to issue any shares of the Company or securities convertible or exchangeable into shares of the Company or warrants, options, subscription rights or other securities or grant any Share Option under the Scheme Mandate Limit which when exercised will allow the holder thereof to subscribe for shares of the Company from the date of the Underwriting Agreement up to and including the Record Date and Time pursuant to the terms of the Underwriting Agreement.

A wholly-owned subsidiary of Freeman Financial Corporation Limited (stock code: 279, which is the holding company of the Underwriter) has extended a loan in the principal amount of HK\$40,000,000 to the CB holder. Upon the Underwriting Agreement becoming unconditional, the receipt of the proceeds from the Rights Issue by the Company and the repayment of the Series B Convertible Bonds by the Company, it is expected that the CB holder will repay the aforesaid loan and accrued interest to the subsidiary of Freeman Financial Corporation Limited. Therefore, in view of the above, the Underwriter is considered to have a material interest in the Rights Issue and will abstain from voting in favour of the resolutions relating to the Rights Issue to the extent of Existing Shares it holds (if any). As at the date of this announcement, Freeman Financial Corporation Limited and its subsidiary (“**Listed Group**”) do not own any Existing Shares.

The Board considers the terms of the Underwriting Agreement including the commission rate accord with market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

## **Termination of the Underwriting Agreement**

The Underwriter shall have the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company if at any time at or prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, financial, economic, currency market or other nature (whether or not ejusdem generis with any of the foregoing) or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (iii) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
  - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the shares of the Company generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (vi) the commencement or taking by any third party of any litigation or claim or other action against any member of the Group which is or might be material to the Group taken as a whole; or

- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, Bermuda, Indonesia, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it; or
- (4) the Company commits any material breach of or omits to observe any of the material obligations or material undertakings expressed to be assumed by it under the Underwriting Agreement; or
- (5) if, at or prior to the Latest Time for Termination:
  - (i) any material breach of any of the warranties or undertakings of the Company contained under the Underwriting Agreement comes to the knowledge of the Underwriter; or
  - (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties of the Company contained under the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter,

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following being fulfilled:

- (1) the Share Consolidation becoming effective;
- (2) the approval by the Independent Shareholders at the SGM in respect of the Rights Issue and any transactions contemplated thereunder in accordance with the Listing Rules;



- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares, in both nil-paid and fully-paid forms, respectively by no later than the Business Day prior to the respective commencements of dealings of the Rights Shares (in their nil-paid and fully-paid forms);
- (4) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (5) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting, to the extent reasonably practicable, of the Prospectus for information purposes only to the Excluded Shareholders;
- (6) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (7) compliance with and performance of all undertakings and obligations of the CB holder under the Irrevocable Undertaking.

In the event that the above conditions have not been fulfilled by the Underwriter in all respects by or at the time and/or date specified therefor (or if no time or date is specified, 30 September 2014) (or such later date(s) as the Underwriter may agree with the Company), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and all such reasonable costs, fees and other out-of-pocket expenses as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall be borne by the Company, and the Rights Issue will not proceed.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after the Share Consolidation but before completion of the Rights Issue (Note 2)		Immediately after completion of the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (none of the Right Shares are subscribed by the Qualifying Shareholders) (Notes 3 to 7)	
	No. of Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %
Early State Enterprises Limited (Note 1)	37,558,960	11.47%	3,755,896	11.47%	63,850,232	11.47%	3,755,896	0.67%
Public shareholders:								
The Underwriter	-	-	-	-	-	-	524,096,994	94.12%
Other public shareholders	290,001,633	88.53%	29,000,163	88.53%	493,002,771	88.53%	29,000,163	5.21%
	<u>327,560,593</u>	<u>100.00%</u>	<u>32,756,059</u>	<u>100.00%</u>	<u>556,853,003</u>	<u>100.00%</u>	<u>556,853,003</u>	<u>100.00%</u>

*Notes:*

- 1) 37,558,960 Existing Shares were held by Early State Enterprises Limited which was wholly-owned by Mr. Lee Fook Kheun and he was the sole director of Early State Enterprises Limited.
- 2) Upon completion of the Share Consolidation, no fractional Consolidated Shares will be issued.
- 3) This scenario is for illustrative purpose only and will never occur. Pursuant to the Underwriting Agreement, the Underwriter confirms that it has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriters and declares that it has no intention of becoming, whether by itself or together with the parties acting in concert with it (if any), the controlling shareholder (as defined in the Listing Rules) of the Company as a result of performance of its obligations under the Underwriting Agreement. Accordingly, the Underwriter:
  - (i) confirms that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement, it shall, whether by itself or together with the parties acting in concert with it (if any), be under no circumstances hold 29.9% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and
  - (ii) agrees that it shall, in fulfillment of the Underwriter's obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares, take appropriate steps such as sub-underwriting all or part of the Underwritten Shares thereunder (sub-underwriter(s) not being party(ies) acting in concert with the Underwriter) to ensure that the Underwriter, together with the parties acting in concert with it (if any) will not become the controlling shareholder of the Company immediately after completion of the Rights Issue.
- 4) Pursuant to the Underwriting Agreement, the Underwriter further undertakes to the Company that, without prejudice in any event to the Underwriter's obligations to procure subscription for the Underwritten Shares not taken up under the Underwriting Agreement or otherwise, it shall ensure (i) that the subscribers for any Underwritten Shares (collectively the "Relevant Subscribers") are independent of and not connected or acting in concert with the directors, chief executive or substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates and (ii) that no such Relevant Subscriber shall be procured if allotment and issue of any Rights Shares to it would result in it and persons acting in concert with it, when aggregated with the total number of Shares (if any) already held by them, holding 29.9% or more of the enlarged issued share capital of the Company immediately after completion of the Rights Issue.
- 5) Pursuant to the Underwriting Agreement, the Underwriter undertakes that in the event that the Underwriter or any of the sub-underwriters mentioned above is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, (i) the Underwriter will not and shall procure that each sub-underwriter will not, whether by itself or together with the parties acting in concert with it (if any), own 29.9% or more of the issued share capital of the Company immediately after the Rights Issue; and (ii) the Underwriter shall and shall cause the sub-underwriters to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.

- 6) The Company will ensure the compliance with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue.
- 7) The Underwriter has sub-underwritten its underwriting commitment to 14 sub-underwriters. The list of sub-underwriters and the maximum number of Rights Shares sub-underwritten to each of them are listed out as below:

HEC Securities Limited	160,000,000 Rights Shares
Enerchine Securities Limited	160,000,000 Rights Shares
Ip Po Ki	16,960,000 Rights Shares
Kitchell, Osman Bin	16,960,000 Rights Shares
Kwong Kai Sing, Benny	16,960,000 Rights Shares
Pak, William Eui Won	16,960,000 Rights Shares
Shimazaki, Koji	16,960,000 Rights Shares
Yu Man Fung, Alice	16,960,000 Rights Shares
Lam Wai Ming	16,960,000 Rights Shares
Lam Suk Ping	16,960,000 Rights Shares
Wong Ying Seung Asiong	17,536,944 Rights Shares
Chow Kam Wah	16,960,000 Rights Shares
Yao Man Yi	16,960,000 Rights Shares
Ip Cheuk Ho	16,960,000 Rights Shares

Each of the 14 sub-underwriters and its respective ultimate beneficial owners (if applicable) are third parties independent of and not connected with the Company and its connected persons as well as the Underwriter and each of the 14 sub-underwriters are independent of each other such that the Takeovers Code obligations and/or public float issue will not be triggered as a result of the Rights Issue. According to the Underwriter, the 12 individual sub-underwriters will be the ultimate subscribers of the Rights Shares if they are called upon to fulfil their sub-underwriting commitment. Each of the 12 individual sub-underwriters has on one or more occasions acted as a sub-underwriter before. Furthermore, the Company has checked with the Underwriter. According to the Underwriter, each of the 12 individual sub-underwriters has a securities portfolio with a value of over HK\$8 million, each is therefore a “professional investor” as defined under the SFO and has sufficient financial resources to sub-underwrite.

Save as disclosed in this announcement, there is no other arrangement among the Company, the Underwriter and the sub-underwriters.

## REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in manufacture and sale of healthcare and household products business and coal mining business in Indonesia.

As stated in the annual report 2013 of the Company, the Group incurred a loss attributable to owners of the Company of approximately HK\$108,152,000 for the year ended 31 December 2013 although turnover from manufacture and sale of healthcare and household products business for the whole year in 2013 was increased to HK\$166 million or by 11% as compared to HK\$149.5 million in 2012. The manufacture and sale of healthcare and household products continued to remain as the Group's core business and the only contributor of the Group's turnover for the year ended 31 December 2013. As the Group had not yet started any mining production at the Group's coal mine project in Central Kalimantan Province in the Republic of Indonesia ("**PT Bara Mine**"), no revenue was recognized for 2013. Moreover, the first year of production of PT Bara Mine was already delayed from the original plan in 2014 to 2015.

As at 31 December 2013, the Group had net current liabilities and net liabilities of approximately HK\$206,159,000 and HK\$136,043,000 respectively. The Group's financial position has been improved from a net liability to a net asset value of approximately HK\$74.6 million subsequent to 31 December 2013 taking into account two corporate activities:–

- the convertible bonds with principal amount of HK\$200,000,000 having been converted into new ordinary shares of HK\$0.001 each in the Company with exercise price of HK\$1.85 per share on 28 February 2014; and
- the net proceeds of approximately HK\$8.1 million from the placing of Existing Shares completed on 15 April 2014.

As at the date of this announcement, the outstanding principal amount of Series B Convertible Bonds is HK\$250 million with the maturity date on 12 July 2015. Any bonds not converted will be redeemed on that date by their principal amount together with unpaid interest.

The Board considers that the Right Issue represents an opportunity for the Company to strengthen its financial position by repayment of the outstanding principal amount of the Series B Convertible Bonds after having considered that:–

- (i) significant business turnaround of the Group is not expected to happen in the immediate future;

- (ii) limited cash generating ability from operating business given (a) the manufacture and sale of healthcare and household products continuously encounter challenges from cost rationalization; (b) PT Bara Mine will not operate until 2015 (difficulty in negotiation with the landowners and villagers on land use); and (c) sluggish demand and oversupply of coal market which has been explained in the annual report 2013 of the Company;
- (iii) the Series B Convertible Bonds if not converted (the conversion price is HK\$1.25 which is out of market price) will threaten the financial position of the Group;
- (iv) although conversion of HK\$200,000,000 convertible bonds and placing of new shares have taken place in February and April 2014 respectively, the net liabilities position of the Group of HK\$136,043,000 as at 31 December 2013 has been improved only to the extent of turning around to an unaudited net asset value of approximately HK\$74.6 million of the Group;
- (v) as a continuous effort of the Board to improve the financial position of the Company and precaution action to deal with short-term debt (it is expected that once the Rights Issue is completed, the Series B Convertible Bonds, if not extended or converted, will become a short-term debt of the Company), the Company consider that Rights Issue is an appropriate fund raising activities;
- (vi) to raise funds to improve the financial position of the Group by Rights Issue and in view of the recent sluggish performance of Hong Kong stock market, the structure of the Rights Issue was a commercial decision reached between the Company and the Underwriter and the basis of determining such structure includes:- (a) the subscription at the discount to the prevailing market price and the theoretical ex-rights price; and (b) the structure of the Rights Issue represents the basis upon which the Underwriter is willing to accept the underwriting risk;
- (vii) other fund raising alternatives for the Group before resolving to the Rights Issue, including but not limited to bank borrowings, share placement and open offer. In the view that borrowings would results in additional interest burden and higher gearing ratio of the Group; share placement will necessarily dilute the shareholding in the Company of the existing Shareholders, the Board consider that raising funds by way of the Rights Issue is more cost effective and efficient; and
- (viii) the Rights Issue is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

Given the above factors, the Directors considered that the Rights Issue and the use of proceeds from Rights Issue is in the interests of the Company and the Shareholders as a whole. The Directors (excluding the independent non-executive Directors whose opinion will be set forth in the Circular to be despatched to the Shareholders after having been advised by an independent financial adviser) consider that the Rights Issue and the use of proceeds from Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Rights Issue.

The gross proceeds from the Rights Issue will be approximately HK\$262.05 million. The estimated expenses in relation to the Rights Issue, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses will be borne by the Company. The estimated net proceeds from the Rights Issue will be approximately HK\$252 million and are intended to be used to pay the accrued interest and repay the principal amount of the HK\$250 million 2% Series B Convertible Bonds due 2015.

#### **POSSIBLE ADJUSTMENT TO THE SERIES B CONVERTIBLE BONDS**

As a result of the Share Consolidation and the Rights Issue, adjustments may need to be made to the conversion price and other rights (if any) pursuant to the terms of the Series B Convertible Bonds if necessary and the Company will make announcement accordingly.

#### **PREVIOUS FUND RAISING EXERCISE IN THE PRIOR 12-MONTH PERIOD**

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

<b>Date of initial announcement</b>	<b>Description</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
27 March 2014	The placing of new shares of the Company	HK\$8.1 million	For the Group's general working capital	Approximately HK\$4.9 million has been utilised for general working capital and the remaining balance will be utilised as intended

**EXPECTED TIMETABLE**

- Expected date of despatch of the Circular  
in relation to, inter alia, proposed Share  
Consolidation and proposed Rights Issue  
to the Shareholders . . . . . Friday, 20 June 2014
  
- Latest time for lodging proxy forms  
for the SGM . . . . . 11:00 a.m. on Wednesday, 16 July 2014
  
- Expected time and date of the SGM  
to approve the proposed Share Consolidation  
and Rights Issue . . . . . 11:00 a.m. on Friday, 18 July 2014
  
- Announcement of the result of the SGM. . . . . Friday 18 July 2014
  
- Effective date of the Share Consolidation . . . . . Monday, 21 July 2014
  
- Commencement of dealings in  
the Consolidated Shares . . . . . 9:00 a.m. on Monday, 21 July 2014
  
- First day of free exchange of certificates  
for the Existing Shares into new certificates  
for the Consolidated Shares. . . . . Monday, 21 July 2014
  
- Original counter for trading in  
Existing Shares in existing share certificates  
in board lots of 4,000 Existing Shares  
temporarily closes . . . . . 9:00 a.m., on Monday, 21 July 2014
  
- Temporary counter for trading in board  
lots of 400 Consolidated Shares (in the form  
of existing share certificates) opens. . . . . 9:00 a.m., on Monday, 21 July 2014
  
- Last day of dealings in the Consolidated Shares  
on a cum-right basis . . . . . Wednesday, 23 July 2014
  
- Commencement of dealings in  
the Consolidated Shares on an ex-right basis. . . . 9:00 a.m. on Thursday, 24 July 2014
  
- Latest time for lodging transfer  
of the Consolidated Shares in order  
to be qualified for the Rights Issue . . . . . 4:30 p.m. on Friday, 25 July 2014



Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive) . . . . . Monday, 28 July 2014 to Friday, 1 August 2014

Record Date and Time for the Rights Issue. . . . . 5:30 p.m. on Friday, 1 August 2014

Register of members re-opens. . . . . Monday, 4 August 2014

Despatch of the Prospectus Documents. . . . . Monday, 4 August 2014

Original counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens. . . . . Monday, 4 August 2014

Parallel trading in the Consolidated Shares (in the form of new and existing certificates) commences . . . . . 9:00 a.m. on Monday, 4 August 2014

Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares . . . . . 9:00 a.m. on Monday, 4 August 2014

First day of dealings in nil-paid Rights Shares . . . . . 9:00 a.m. on Wednesday, 6 August 2014

Latest time for splitting nil-paid Rights Shares. . . . . 4:30 p.m. on Friday, 8 August 2014

Last day of dealings in nil-paid Rights Shares . . . . . 4:00 p.m. on Wednesday, 13 August 2014

Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares . . . . . 4:00 p.m. on Monday, 18 August 2014

Latest time for termination of the Underwriting Agreement. . . . . 4:00 p.m. on Thursday, 21 August 2014

Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares closes. . . . . 4:00 p.m. on Friday, 22 August 2014

Temporary counter for trading in board  
lots of 400 Consolidated Shares  
(in the form of existing share certificates)  
closes . . . . . 4:00 p.m., on Friday, 22 August 2014

Parallel trading in the Consolidated Shares  
(in the form of new and existing certificates)  
ends. . . . . 4:00 p.m. on Friday, 22 August 2014

Last day of free exchange of certificates  
for the Existing Shares into new certificates  
for the Consolidated Shares. . . . . 4:30 p.m. on Tuesday, 26 August 2014

Announcement for result of the Rights Issue. . . . . Wednesday, 27 August 2014

Refund cheques for wholly and partially  
unsuccessful applications for excess  
Rights Shares expected to be posted . . . . . Thursday, 28 August 2014

Certificates for the fully-paid Rights Shares  
expected to be despatched . . . . . Thursday, 28 August 2014

Dealings in fully-paid Rights Shares commence . . . 9:00 a.m. on Friday, 29 August 2014

Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

**Effect of bad weather on the latest time for acceptance of and payment for the Rights Issue and for application and payment for excess Rights Shares**

If there is:

- a tropical cyclone warning signal number 8 or above, or
  - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 18 August 2014, the latest time of acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Monday, 18 August 2014, but will be extended to 5:00 p.m. on the same day instead; and

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 18 August 2014, the latest time of acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Monday, 18 August 2014, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on Monday, 18 August 2014, the dates mentioned in the section headed “Expected timetable” in this announcement may be affected. A further announcement will be made by the Company in such event.

#### **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM**

**The Rights Issue is fully underwritten by the Underwriter and is conditional upon the fulfilment of the conditions set out in the section headed “Conditions of the Rights Issue” in this announcement. In particular, the Rights Issue is conditional upon:**

- (i) the Listing Committee granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in, the Rights Shares in nil-paid and fully-paid forms prior to 9:00 a.m. on Wednesday, 6 August 2014, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter); and**
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the section headed “Termination of the Underwriting Agreement” in this announcement).**

**If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.**

**Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between 6 August 2014 to 13 August 2014 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.**

## **GENERAL**

The Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholder and their associates, or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the company and their respective associates will abstain from voting in favour of the resolutions relating to the Rights Issue. As at the date of this announcement, there is no controlling Shareholder. As at the date of this announcement, none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates has any Shares.

The Company will establish an independent board committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and whether the Rights Issue are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms the Rights Issue are fair and reasonable.

A circular containing, among other things, further details of the Share Consolidation and the Rights Issue and a notice convening the SGM will be despatched by the Company to the Shareholders on or before 20 June 2014. Upon passing of the necessary resolution(s) by the Shareholders (where applicable, the Independent Shareholders) at the SGM approving the Share Consolidation and the Rights Issue and upon the Share Consolidation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable whereas the Prospectus will be despatched to the Excluded Shareholders for their information only.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in Existing Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 9 May 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Existing Shares on the Stock Exchange with effect from 9:00 a.m. on 23 May 2014.

## **DEFINITIONS**

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules

“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are open for business
“Bye-Laws”	the bye-laws of the Company
“CB holder”	Gloss Rise Limited, a company incorporated in the British Virgin Islands, the beneficial owner of the Series B Convertible Bonds
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	a circular containing, among other things, further details of the Share Consolidation, the Rights Issue and a notice convening the SGM to be despatched by the Company to the Shareholders
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“Company”	eForce Holdings Limited (Stock Code: 943), a company incorporated under the laws of Bermuda and the shares of the Company are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately following and arising from the consolidation of every ten (10) Existing Shares
“Director(s)”	director(s) of the Company
“EAF(s)” or “Excess Application Form(s)”	the form of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter

“Excluded Shareholder(s)”	the Overseas Shareholders at the Record Date and Time where the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	the ordinary share(s) of HK\$0.001 each in the existing share capital of the Company before the Share Consolidation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	the Shareholder(s), other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates
“Irrevocable Undertaking”	an irrevocable undertaking dated 21 May 2014 under which the CB holder provided the irrevocable undertaking to the Company and the Underwriter as described under the section headed “Irrevocable Undertaking” in this announcement
“Last Trading Day”	8 May 2014, being the last trading day for the Existing Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 18 August 2014 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Thursday, 21 August 2014, or such other time as may be agreed between the Company and the Underwriter

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of member of the Company are outside Hong Kong at the close of the business on the Record Date and Time
“PAL(s)”	provisional allotment letter(s) for the Rights Issue
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the PAL(s) and EAF(s)
“Prospectus Posting Date”	Monday, 4 August 2014 or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, whose names appear on the register of members of the Company as at the Record Date and Time, other than the Excluded Shareholders
“Record Date and Time”	5:30 p.m. on 1 August 2014, being the date and time by reference to which entitlements to the Rights Issue will be determined
“Registrar”	Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue by way of rights of Rights Shares at a price of HK\$0.5 per Rights Shares on the basis of sixteen (16) Rights Shares for every one (1) Consolidated Share then held on the Record Date and Time
“Rights Share(s)”	524,096,944 Consolidated Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of sixteen (16) Rights Shares for every one (1) Consolidated Share held at the Record Date and Time pursuant to the Rights Issue

“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme
“Series B Convertible Bonds”	the 2% coupon unsecured convertible bonds in the original principal amount of HK\$300,000,000 due in 2015 issued by the Company to the CB holder and the current outstanding principal amount is HK\$250,000,000 as at the date of this announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at 11:00 a.m. on 18 July 2014 to consider and approve, among other things, the Share Consolidation and the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company prior to the implementation of the Share Consolidation
“Share Consolidation”	the consolidation of every ten Existing Shares of HK\$0.001 each in the capital of the Company into one Consolidated Share of HK\$0.01
“Share Option(s)”	the options granted by the Company to subscribe for Existing Shares or the Consolidated Shares (as the case may be) pursuant to the Share Option Scheme
“Share Options Scheme”	the share option scheme adopted by the Company on 3 March 2010 at the special general meeting of the Company
“Shareholder(s)”	holder(s) of the Existing Shares or Consolidated Shares (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.5 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers



“Underwriter”	Freeman Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 22 May 2014 entered into between the Company and the Underwriter in relation to the Rights Issue. An underwriting agreement dated 8 May 2014 entered into between the Company and the Underwriter was terminated on 22 May 2014
“Underwritten Shares”	524,096,944 Rights Shares underwritten by the Underwriter
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**eForce Holdings Limited**  
**Liu Liyang**  
*Deputy Chairman and Chief Executive Officer*

Hong Kong, 22 May 2014

*As at the date of this announcement, the Board comprises Mr. Tam Lup Wai, Franky, Mr. Liu Liyang, Mr. Chan Tat Ming, Thomas and Mr. Luo Xiaohong being executive Directors and Mr. Hau Chi Kit, Mr. Lam Bing Kwan, Mr. Leung Chi Hung and Mr. Li Hon Kuen being independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*