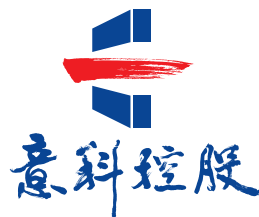


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## **eFORCE HOLDINGS LIMITED**

**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 2014**

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 2014.

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2014*

	<i>Note</i>	<b>2014</b> <b>HK\$’000</b>	2013 HK\$’000
<b>Revenue</b>	3	<b>184,750</b>	166,013
Cost of sales		<u>(137,451)</u>	<u>(125,707)</u>
<b>Gross profit</b>		<b>47,299</b>	40,306
Other income	4	<b>13,620</b>	2,002
Selling and distribution expenses		<b>(4,086)</b>	(3,884)
Administrative expenses		<u>(62,975)</u>	<u>(66,610)</u>
<b>Loss from operations</b>		<b>(6,142)</b>	(28,186)
Impairment loss on exploration and evaluation assets		<b>(44,651)</b>	(29,000)
Fair value gain/(loss) on derivative components of convertible bonds		<b>45,589</b>	(21,679)
Share of results of a joint venture		<b>407</b>	–
Loss on early redemption of convertible bonds		<b>(8,434)</b>	–
Finance costs	7	<u>(6,302)</u>	<u>(28,203)</u>

	<i>Note</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
<b>Loss before tax</b>		<b>(19,533)</b>	(107,068)
Income tax expense	8	<u>(343)</u>	<u>(1,084)</u>
<b>Loss for the year attributable to owners of the Company</b>	6	<b><u>(19,876)</u></b>	<b><u>(108,152)</u></b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(217)	1,227
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on property revaluation		<u>617</u>	<u>6,692</u>
<b>Total other comprehensive income for the year, net of tax</b>		<b><u>400</u></b>	<b><u>7,919</u></b>
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<b><u>(19,476)</u></b>	<b><u>(100,233)</u></b>
<b>Loss per share</b>	9		
Basic (cents per share)		<u>(7.82)</u>	<u>(297.34)</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*At 31 December 2014*

	<i>Note</i>	<b>2014</b> <b><i>HK\$'000</i></b>	2013 <i>HK\$'000</i>
<b>Non-current assets</b>			
Exploration and evaluation assets		<b>206,380</b>	251,031
Property, plant and equipment		<b>61,777</b>	63,490
Investments in associates		–	–
Investment in a joint venture		<b>368</b>	(40)
		<hr/> <b>268,525</b>	<hr/> 314,481
<b>Current assets</b>			
Inventories		<b>29,548</b>	28,192
Trade and other receivables	10	<b>42,973</b>	30,193
Derivative components of convertible bonds	12	–	45,759
Bank and cash balances		<b>31,266</b>	13,446
		<hr/> <b>103,787</b>	<hr/> 117,590
<b>Current liabilities</b>			
Trade and other payables	11	<b>(82,441)</b>	(73,786)
Liability component of convertible bonds	12	–	(220,954)
Bank loans		<b>(14,814)</b>	(17,284)
Unsecured other loans		–	(6,500)
Finance lease payables		<b>(141)</b>	–
Current tax liabilities		<b>(5,211)</b>	(5,225)
		<hr/> <b>(102,607)</b>	<hr/> (323,749)
<b>Net current assets/(liabilities)</b>		<hr/> <b>1,180</b>	<hr/> (206,159)
<b>Total assets less current liabilities</b>		<hr/> <b>269,705</b>	<hr/> 108,322

	<i>Note</i>	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
<b>Non-current liabilities</b>			
Finance lease payables		<b>(315)</b>	–
Deferred tax liabilities		<b>(9,428)</b>	(9,334)
Liability component of convertible bonds	12	<u>–</u>	<u>(235,031)</u>
		<b>(9,743)</b>	(244,365)
<b>NET ASSETS/(LIABILITIES)</b>		<b><u>259,962</u></b>	<b><u>(136,043)</u></b>
<b>Capital and reserves</b>			
Share capital		<b>6,682</b>	183
Reserves		<u>253,280</u>	<u>(136,226)</u>
<b>TOTAL EQUITY</b>		<b><u>259,962</u></b>	<b><u>(136,043)</u></b>

Notes:

## 1. GENERAL INFORMATION

eForce Holdings Limited was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Suite 3008, Man Yee Building, 68 Des Voeux Road Central, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the Group are manufacture and sales of healthcare and household products and coal mining business.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

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

## 3. REVENUE

The Group's revenue represents the aggregate of sales value of goods supplied to customers less goods returned, trade discounts and sales tax. The amount of revenue recognised during the year represents manufacture and sale of healthcare and household products.

## 4. OTHER INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Income from scrap sales	475	781
Interest income	13	27
Net exchange gains	300	–
Net gain on disposals of property, plant and equipment	360	78
Written back of trade and other payables	1,483	795
Written back of unsecured loan with accrued interest	9,729	–
Others	1,260	321
	<u>13,620</u>	<u>2,002</u>

## 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 two reportable segments: manufacturing and sales of healthcare and household products and coal mining business.

Segment profits or losses do not include unallocated corporate income and expenses. Segment assets do not include interest in an associate, investment in a joint venture, and other unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

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

	<b>Coal mining business HK\$'000</b>	<b>Healthcare and household business HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2014:</b>			
Revenue	–	<b>184,750</b>	184,750
Segment (loss)/profit	<b>(5,040)</b>	<b>8,246</b>	3,206
Finance costs	<b>5,082</b>	<b>1,220</b>	6,302
Depreciation	<b>155</b>	<b>5,208</b>	5,363
Income tax expense	–	<b>343</b>	343
Other material non-cash items:			
Impairment of assets	<b>44,651</b>	–	44,651
Additions to segment non-current assets	–	<b>4,283</b>	4,283
<b>At 31 December 2014:</b>			
Segment assets	<b>206,714</b>	<b>138,660</b>	345,374
Segment liabilities	–	<b>93,409</b>	93,409
Investment in a joint venture	–	<b>368</b>	368
<b>Year ended 31 December 2013:</b>			
Revenue	–	166,013	166,013
Segment (loss)/profit	(84,372)	2,500	(81,872)
Interest income	–	12	12
Finance costs	26,660	1,229	27,889
Depreciation	181	4,838	5,019
Income tax expense	–	1,039	1,039
Other material non-cash items:			
Impairment of assets	29,000	–	29,000
Additions to segment non-current assets	136	3,977	4,113
<b>At 31 December 2013:</b>			
Segment assets	297,322	128,346	425,668
Segment liabilities	455,985	83,293	539,278
Investment in a joint venture	–	(40)	(40)

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Revenue:</b>		
Total revenue of reportable segments and consolidated revenue	<b>184,750</b>	166,013
<b>Profit or loss:</b>		
Total loss of reportable segments	<b>3,206</b>	(81,872)
Corporate and unallocated profit or loss	<b>(23,082)</b>	(26,280)
Consolidated loss for the year	<b>(19,876)</b>	(108,152)
<b>Assets:</b>		
Total assets of reportable segments	<b>345,374</b>	425,668
Corporate and unallocated assets	<b>26,938</b>	6,403
Consolidated total assets	<b>372,312</b>	432,071
<b>Liabilities:</b>		
Total liabilities of reportable segments	<b>93,409</b>	539,278
Corporate and unallocated liabilities	<b>18,941</b>	28,836
Consolidated total liabilities	<b>112,350</b>	568,114
<b>Geographical information:</b>		
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue:		
United States of America	<b>85,715</b>	58,364
The People's Republic of China (the "PRC")	<b>23,993</b>	21,407
Germany	<b>19,901</b>	20,894
France	<b>12,017</b>	13,404
Italy	<b>9,777</b>	9,005
United Kingdom	<b>9,676</b>	8,291
Japan	<b>4,446</b>	3,772
Hong Kong and others	<b>19,225</b>	30,876
	<b>184,750</b>	166,013

In presenting the geographical information, revenue is based on the locations of the customers. No revenue has been recorded for coal mining business for both years.

Revenue from major customers:

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	<b>81,470</b>	54,111
Customer B	<b>27,632</b>	36,225
Customer C	<b>22,305</b>	21,534
	<b><u>          </u></b>	<b><u>          </u></b>

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

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets:</b>		
Indonesia	<b>206,414</b>	251,390
The PRC	<b>60,885</b>	62,669
Hong Kong and others	<b>1,226</b>	422
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>268,525</u></b>	<b><u>314,481</u></b>



## 6. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditor's remuneration	<b>600</b>	750
Cost of inventories sold <sup>#</sup>	<b>137,451</b>	125,707
Depreciation	<b>5,830</b>	6,127
Fair value (gain)/loss on derivative components of convertible bonds	<b>(45,589)</b>	21,679
Impairment loss on exploration and evaluation assets	<b>44,651</b>	29,000
Net exchange (gains)/losses	<b>(300)</b>	211
Operating lease charges in respect of land and buildings	<b>4,671</b>	6,177
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	<b>68,979</b>	67,698
– Retirement benefits scheme contributions	<b>367</b>	340
	<b>69,346</b>	68,038
Research and development costs*	<b>2,948</b>	3,790
Written off of irrecoverable receivables	–	140
Written off of property, plant and equipment	–	350
	<b>69,346</b>	68,038

<sup>#</sup> Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK\$34,045,000 in total (2013: approximately HK\$33,222,000), which are included in the amounts disclosed separately above.

\* Research and development costs include staff costs of approximately HK\$2,629,000 (2013: approximately HK\$3,559,000) which are included in the amount disclosed separately above.

## 7. FINANCE COSTS

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Effective interest expenses on liability component of convertible bonds wholly repayable within five years	<b>5,002</b>	26,660
Interests on bank loans	<b>1,176</b>	1,122
Interests on other unsecured loans	<b>103</b>	421
Finance leases charges	<b>21</b>	–
	<b>6,302</b>	28,203

## 8. INCOME TAX EXPENSE

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax		
– Provision for the year	<b>14</b>	864
– Under-provision in prior years	<b>329</b>	220
	<u>343</u>	<u>1,084</u>
	<b>343</b>	<b>1,084</b>

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 (2013: Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of profit before tax multiplied by Hong Kong Profits Tax rate is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss before tax	<b>(19,533)</b>	(107,068)
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	<b>(3,223)</b>	(17,666)
Tax effect of non-taxable income	<b>(9,329)</b>	(14)
Tax effect of non-deductible expenses	<b>14,477</b>	18,302
Tax effect of temporary differences not recognised	<b>23</b>	3
Tax effect of utilisation of tax losses not previously recognised	<b>(1,632)</b>	(109)
Under-provision in prior years	<b>329</b>	220
Effect of different tax rates of subsidiaries	<b>(302)</b>	348
	<u>343</u>	<u>1,084</u>
Income tax for the year	<b>343</b>	<b>1,084</b>

## 9. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$19,876,000 (2013: approximately HK\$108,152,000) and the weighted average number of ordinary shares of 254,046,747 (2013: 36,373,563, as adjusted to reflect the impact of share consolidation on 28 July 2014) in issue during the year.

### (b) Diluted earnings 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 2014 and 2013.

## 10. TRADE AND OTHER RECEIVABLES

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	14,384	6,875
31 to 90 days	21,000	16,677
91 to 180 days	1,781	2,142
Over 180 days	108	211
	<u>37,273</u>	<u>25,905</u>

The Group allows an average credit period of 30 to 120 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 2014, trade debtors and bills receivables of approximately HK\$2,169,000 (2013: approximately HK\$4,504,000) are assigned to a bank for a factoring loan included in the banking facilities.

## 11. TRADE AND OTHER PAYABLES

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	7,713	6,520
31 to 90 days	14,561	11,783
91 to 180 days	32	2,589
Over 180 days	1,170	1,862
	<u>23,476</u>	<u>22,754</u>

## 12. CONVERTIBLE BONDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Derivative components of convertible bonds		
Series A convertible bonds	–	(636)
Series B convertible bonds	–	(45,123)
	<u>–</u>	<u>(45,759)</u>
Liability component of convertible bonds		
Series A convertible bonds	–	213,550
Series B convertible bonds	–	242,435
	<u>–</u>	<u>455,985</u>
The maturity of the liability component of the convertible bonds:		
Within one year	–	220,954
In the second to fifth years inclusive	–	235,031
	<u>–</u>	<u>455,985</u>

### Series A convertible bonds (the “SA”)

On 13 July 2011, the Group issued the SA with a principal amount of HK\$200,000,000. The SA had a maturity period of three years from the issue date to 12 July 2014. During the period from 13 July 2011 to 12 July 2014, the SA entitles the holder to convert the bonds into new ordinary shares of the Company at an initial conversion price, subject to adjustment of HK\$0.074 per share. The conversion price was adjusted to HK\$1.85 per share due to share consolidation of every 25 shares of HK\$0.05 each in the share capital consolidated into 1 consolidated share of HK\$1.25 each on 9 November 2011.

Any SA not converted will be redeemed on 12 July 2014 at 100% of their principal amount. Interest of 5% will be paid annually up until that settlement date.

The SA contains derivatives, a liability and an equity components. The equity component is presented in equity as part of the “convertible bonds equity reserve”. The effective interest rate of the liability component for the SA is 6.17% per annum. The derivative components are measured at fair value with changes in fair value recognised in the profit or loss.

On 27 February 2014, the bond holders of SA had exercised the conversion right to convert the whole amount of the SA with a principal amount of HK\$200,000,000 into 108,108,108 new ordinary shares of HK\$0.001 each of the Company at the exercise price of HK\$1.85 per share, such new shares ranking pari passu in all respects with the existing shares of the Company. The Company has engaged an independent professional valuer, Greater China Appraisal Limited, to carry out an independent valuation of the SA on the conversion date. A fair value gain of HK\$90.7 million was recognized on the derivative components of the SA upon its full conversion.

Series B convertible bonds (the “SB”)

On 13 July 2011, the Group issued the SB with a principal amount of HK\$300,000,000 of which a part of the SB with a principal amount of HK\$50,000,000 was redeemed by the Group on 27 July 2011. The SB had a maturity period of four years from the issue date to 12 July 2015. During the period from 13 July 2011 to 12 July 2015, the SB entitles the holder to convert the bonds into new ordinary shares of the Company at the higher of the following:

- (i) the average closing price of the shares as quoted on the Stock Exchange for the last 5 trading days before the date of the conversion notice; and
- (ii) the initial conversion price, subject to adjustment, of HK\$0.05 per share. The conversion price was adjusted to HK\$1.25 per share due to share consolidation of every 25 shares of HK\$0.05 each in the share capital consolidated into 1 consolidated share of HK\$1.25 each on 9 November 2011.

Any SB not converted will be redeemed on 12 July 2015 at 100% of their principal amount. Interest of 2% will be paid annually up until that settlement date.

The SB contains derivatives and a liability components. The effective interest rate of the liability components for the SB is 6.1% per annum. The derivative components are measured at fair value with changes in fair value recognised in the profit or loss.

On 5 September 2014, the Group redeemed the whole amount of the remaining part of the SB with a principal amount of HK\$250,000,000. The Company has engaged an independent valuer, Greater China Appraisal Limited, to carry out an independent valuation of the SB on redemption date. A fair value loss of HK\$45.1 million on the derivative component of the SB together with a loss on early redemption of HK\$8.4 million was recorded upon the full redemption of the SB.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

#### **Results for the year**

Revenue of the Group for the year ended 31 December 2014 amounted to HK\$184.8 million, which represented an increase of 11.3% as compared to HK\$166 million in 2013.

The consolidated loss of the Group for the year ended 31 December 2014 amounted to HK\$19.9 million. This represented a decrease of approximately HK\$88.3 million or 81.6% as compared to the loss of HK\$108.2 million in 2013.

Following is a review of the principal activities of the Group engaged in 2014.

#### **Manufacturing and sales of healthcare and household products**

The manufacture and sales of healthcare and household products continue to remain as the Group's core business and the only contributor of the Group's revenue in 2014.

As mentioned in our Interim Report 2014, the revenue has increased by 10% in the first half of 2014 mainly when compared to the revenue in the corresponding period in 2013. Such trend continued in the second half of 2014 and revenue for 2014 was increased to HK\$184.8 million or by 11.3% as compared to HK\$166 million in 2013. The increase reflected the net combined effect of sales volume changes in different geographical locations of customers with an especially good performance of customers from United States of America.

Despite a higher labor cost, gross profit margin increased slightly from 24.3% in 2013 to 25.6% in 2014 mainly due to stable raw material prices and improving production efficiency. Gross profit increased by HK\$7 million to HK\$47.3 million in 2014 as compared to HK\$40.3 million in 2013. The increase in gross profit was mainly attributable to effect of increase in revenue and gross profit margin of the Group's manufacturing business.

Overall, the Group's manufacturing business recorded a segmental profit of HK\$8.2 million in 2014 as compared to HK\$2.5 million in 2013 which reflected the combined effect of overall sales improvement, stable raw material prices and improving production efficiency.

Although export sentiment improved across all the major markets, we are still pessimistic about sales growth in 2015 as deflationary pressure and faltering growth in the developed countries remain as potential threats to our outlook. On the operational side, we have continued to live with a challenging production environment in the Pearl River Delta, which include rising labor costs. Authorities in Guangdong Province have already announced to raise the minimum wage by an average 19 percent from May 2015. Therefore expanding automatic production and improving product design will remain as our strategic focus.

## Coal mining

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 from the coal mining business in 2014.

The Group had negotiated with the local landowners and villagers for land use and one-third of them had given verbal acceptance while the others had either rejected the Group's offer or taken a wait-and-see attitude. No significant progress had been made in the land use negotiation in 2013 and 2014.

As mentioned in our circular dated 8 December 2014, given that an unfavorable coal market environment continued from 2013 to 2014 and the difficulty experienced by the Group in negotiating with the local landowners and villagers for land use, the Group was cautioned in assessing whether commencing coal development and production for the PT Bara Mine will be economical to the Group and will enable best use of the Group's resources. As such, no exploration activity, development activity and mining activity was carried out by the Group in 2013 and 2014. In addition, there were no contracts or commitments entered into for arrangement of infrastructure building, mining subcontracting and equipment purchasing in 2013 and 2014.

No capital expenditure was incurred on mining infrastructure as there was no development activity during 2014. Operating expenses related to the Group's mining business charged to statement of profit or loss and other comprehensive income were mainly administrative expenses and amounted approximately HK\$2.1 million in 2014 as compared to HK\$7 million in 2013.

The coal resource estimates as at 31 December 2014 were as follows:

<b>Coal Resource Estimate</b>				
<b>(in thousand tonnes)</b>				
	As at	As at		
JORC Category	31 December	31 December	Change in %	Reason
	2013	2014		of change
Measured	8,705	<b>8,705</b>	Nil	N/A
Indicated	11,537	<b>11,537</b>	Nil	N/A
Inferred	6,097	<b>6,097</b>	Nil	N/A
Total	26,339	<b>26,339</b>		

The above coal resources estimates of the PT Bara Mine as at 31 December 2014 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 because there was no material change to the project since then. In March 2015, the local management team of the PT Bara Mine had conducted an internal review on the coal resources estimates of the PT Bara Mine and concluded the same.

The Company had engaged a third party valuer, Greater China Appraisal Limited (“GCA”) to assist the management to determine the fair value (the “Valuation 2014”) and the impairment, if any, of the PT Bara Mine for the year ended 31 December 2014. The Valuation 2014 was prepared in accordance with the International Valuation Standards (2013 Edition) on business valuation published by International Valuation Standards Council and on a going concern basis.

After considering the three different approaches of valuation of asset, namely the cost approach, the market approach and the income approach, GCA had selected to use the Comparable Transaction Method under the market approach in the Valuation 2014 as:

- (i) There are a number of transactions related to similar Kalimantan coal mines in the public domain;
- (ii) It provides additional information to the investors about the value of the mineral asset when comparing with other actual market transactions;
- (iii) This method is commonly used in the industry to value coal deposits and companies; and
- (iv) Fewer assumptions on the operation and circumstance of the mineral assets in comparison are made and relied on.

The same methodology and method was selected and used in the 2013’s valuation.

An underlying assumption when using the Comparable Transaction Method is that the terms negotiated and agreed are linked to the coal price at the time of the transaction. Therefore, to compare any project transaction to the Mineral Asset as at the valuation date, it is necessary to establish what the likely transaction value would have been if it had occurred at that date. GCA has done this by adjusting the actual transaction parameters at the date of the transaction to the change in coal prices by multiplying the acquisition parameters by the following ‘normalising’ factor:

**US\$64.65/tonne (as at 31 December 2014) (US\$80.31/tonne as at 31 December 2013)  
divided by the US\$ coal price at the date of the transaction of the comparable  
project**



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

Table 1 – Details of Comparable Transactions

	<b>Completion Date</b>	<b>Target Name</b>	<b>Acquirer Name</b>	<b>Location</b>	<b>Percentage (%)</b>	<b>Reserves (Mt)</b>	<b>Consideration (US\$ million)</b>
1	03 Nov 2009	Fajar Bumi Sakti PT	Bumi Resources	East Kalimantan	77%	142.50	226.48
2	27 Jun 2010	Maruwai Coal Project	Adaro Energy	East and Central Kalimantan	25%	967.50	335.00
3	19 Jul 2012	Ganda Alam Makmur PT	LG International Corp	Kalimantan	60%	275.00	212.57
4	28 Feb 2013	Binamitra Sumberarta coal mine	Altura Mining Limited	East Kalimantan	33%	37.94	25.00

*Source: Bloomberg*

The relevant coal prices used for the comparable transactions are shown in table below:

Table 2 – Coal Prices Utilised in GCA’s Comparable Valuation

<b>Completion Date</b>	<b>Event</b>	<b>Coal Price* (US\$/t)</b>	<b>Adjusted Consideration (US\$/t)</b>
31 Dec 2014	GCA Effective Valuation Date for the Mineral Asset	64.65	n/a
03 Nov 2009	Bumi Resources purchases Fajar Bumi Sakti PT	68.99	1.93
27 Jun 2010	Adaro Energy purchases Maruwai Coal Project	97.22	0.92
19 Jul 2012	LG International Corp purchases Ganda Alam Makmur PT	81.69	1.02
28 Feb 2013	Altura Mining Limited purchases Binamitra Sumberarta coal mine	88.35	1.45

- \* Proxy using Harga Batubara Acuan (HBA), which is a thermal coal international price reference published by Indonesia's Ministry of Energy and Mines calculated using monthly price average based 25% on Platts Kalimantan 1 (5,900 kcal/kg GAR) assessment; 25% on the Argus-Indonesia Coal Index 1 (6,500 kcal/kg GAR); 25% on the Newcastle Export Index -- formerly the Barlow-Jonker index (6,322 kcal/kg GAR) of Energy Publishing; and 25% on the globalCOAL Newcastle (6,000 kcal/kg NAR) index.

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

<b>Resources Category</b>	<b>Coal Resources Tonnage (Million Tonne)</b>	<b>GCA Factor</b>	<b>GCA Factorised Tonnes (Million Tonne)</b>
Measured	8.70	100%	8.70
Indicated	11.50	100%	11.50
Inferred	6.10	0%	–
Total	26.30		20.20

Consequently using an attributable coal endowment for the Mineral Asset of 20 million tonnes (rounded) (2013: 20 million tonnes) and the average adjusted consideration of the comparable transaction US\$/tonne range indicated from Table 2, GCA come up with a range of HK\$142.84 million to HK\$299.99 million and average of HK\$208.51 million (2013: HK\$179.2 million to HK\$376.3 million and average of HK\$251.3 million). (Exchange rate used: 2014 – US\$1 = HK\$7.7570, 2013 – US\$1 = HK\$7.7540)

The following table summarized the effect of changes in assumptions/parameters and reconciled the fair value change in 2014:

Table 4 – Reconciliation of fair value change

<b>Item</b>	<b>2013</b>	<b>2014</b>	<b>Effect on Fair Value</b>	<b>Fair Value (HKD million)</b>
As at 31 Dec 2013				251.03
Change in prevailing coal price (US\$/tonne)	80.31	64.65	Decrease	(50.80)
Market Transaction Update	1.29	1.33	Increase	6.07
Change in exchange rate (US\$: HK\$)	7.754	7.757	Increase	0.08
As at 31 Dec 2014				206.38

Accordingly, an impairment loss of HK\$44.7 million was recognized for the year ended 31 December 2014 (2013: HK\$29 million) being the carrying amount of the PT Bara Mine that exceeded its recoverable amount.

2015 set to be another tough year for coal as oversupply and weaker Chinese import demand, with the supply overhang predicted to continue. However coal price should improve with an expected rise in demand from emerging markets such as India and Vietnam and coal in Indonesia is competitively priced to these markets due to the low-cost extraction.

As at the date of this report, no substantial development has been made since the end of 2014. The Company will inform the shareholders of the Company of any further development in the PT Bara Mine project as and when appropriate.

### **Others**

Other income increased by HK\$11.6 million to HK\$13.6 million was mainly attributable to written back of trade and other payables and unsecured loan with accrued interest.

A fair value gain of HK\$45.6 million on derivative components of convertible bonds of the Company was recorded in 2014 while a loss of HK\$21.7 million was recorded in 2013. The gain in 2014 was mainly the net effect of a fair value gain of HK\$90.7 million recorded upon the conversion of the Company's Series A convertible bonds and a fair value loss of HK\$45.1 million recorded upon the redemption of the Company's Series B convertible bonds. A loss of HK\$8.4 million was also recorded in 2014 upon the redemption of the Company's Series B convertible bonds.

Finance costs decreased by HK\$21.9 million to HK\$6.3 million (2013: HK\$28.2 million) mainly due to the decrease of effective interest expenses on liability component of convertible bonds upon the conversion of the Company's Series A convertible bonds and the redemption of the Company's Series B convertible bonds.

## **THE GROUP'S LIQUIDITY AND FINANCIAL RESOURCES**

### **Cash position**

As at 31 December 2014, the Group had cash and bank deposits of HK\$31.3 million (2013: HK\$13.4 million) with foreign currency deposits denominated in Renminbi ("RMB") amounted to HK\$4.8 million (2013: HK\$7.9 million).

### **Current ratio**

As at 31 December 2014, the Group had net current assets of HK\$1.2 million (2013 net current liabilities of HK\$206.2 million) and current ratio (being current assets over current liabilities) of 1.01 (2013: 0.36).

### **Debts and borrowings**

As at 31 December 2014, the Group had total debts and borrowings of HK\$15.2 million (2013: HK\$479.7 million) including unsecured loan from financial institute and secured bank loan and factoring loan of HK\$14.8 million in total (2013: HK\$17.3 million). 2013 amount also included unsecured other loans of HK\$6.5 million and convertible bonds of HK\$455.9 million. The unsecured other loans were written back and the convertible bonds were fully converted and redeemed during the year ended 31 December 2014.

### **Gearing ratio**

The Group's gearing ratio being total debt over total equity is 0.06 (2013: N/A as the Group had a net deficiency in equity).

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

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

The interest rates profile of the Group's borrowings comprises a mixture of fixed and floating 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. At 31 December 2014, as the Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates.

## **Fund Raising Activities**

The Company had carried out the following fund raising activities during the year under review:

- (i) On 27 March 2014, the Company entered into a placing agreement with a placing agent in respect of the placement of 36,575,414 ordinary shares of HK\$0.001 each to independent investors at a price of HK\$0.235 per share. The placement was completed on 15 April 2014 and its net proceeds of approximately HK\$8.1 million was used, as intended, for general working capital of the Group.
- (ii) On 14 August 2014, the Company entered into an underwriting agreement with an underwriter in respect of the rights issue of 524,096,944 ordinary shares of HK\$0.01 each to the qualifying shareholders at a price of HK\$0.5 per share on the basis of sixteen rights shares for every ordinary share held on the record date. The rights issue was completed on 29 August 2014, and the net proceeds of approximately HK\$252 million was used, as intended, for payment of the accrued interest and repayment of the principal amount of the Company's Series B convertible bonds.
- (iii) On 24 September 2014, the Company entered into a placing agreement with a placing agent in respect of the placement of 111,370,600 ordinary shares of HK\$0.01 each to independent investors at a price of HK\$0.46 per share. The placement was completed on 8 October 2014. HK\$29.4 million of the net proceeds of approximately HK\$49.4 million was used, as intended, for repayment of the outstanding indebtedness and general working capital of the Group whereas HK\$20 million of the net proceeds was used for payment of the refundable earnest money as mentioned in the Company's MOU Announcement dated 2 February 2015.

## **Material Acquisitions and Disposal of Subsidiaries**

The Group had neither any material acquisition nor disposal in 2014.

## **Material Contingent Liabilities**

The Group is not aware of any material contingent liabilities as at 31 December 2014.

## **Employees and Remuneration Policy**

As at 31 December 2014, the Group had 28 employees (2013: 26) in Hong Kong, 808 employees (2013: 676) in PRC and 2 employees (2013: 15) in Indonesia. Employees' remuneration are given and reviewed based on market norms, individual performance and experience. Awards and bonuses are considered based on the Group's business results and employees' individual merit.

The Company has an option scheme which was approved in a shareholders' special general meeting on 3 March 2010 (the "Share Option Scheme 2010"). Under the Share Option Scheme 2010, the Company may offer to any persons who the Board considered, in its sole discretion, have contributed or will contribute to the Group. Details of the Share Option Scheme 2010 were set out in the Company's circular on 11 February 2010. No share options were granted or exercised under the Share Option Scheme 2010.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

To facilitate the Share Consolidation of the Company which effected on 29 July 2014, the Company had repurchased and cancelled three (3) shares of the Company on 29 May 2014 and 5 June 2014, respectively.

Saved as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## **CORPORATE GOVERNANCE**

During the year ended 31 December 2014, the Company has complied with all provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules except for the following:

- (i) 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 Directors' appointment will be reviewed when they are due for reelection thus 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 2014.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures above in respect of this annual results announcement for the year ended 31 December 2014 have been agreed with the Company's auditor, ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by ZHONGHUI ANDA 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 on this 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 2014, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to shareholders of the Company and published on the Stock Exchange's website in due course.

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

Hong Kong, 26 March 2015

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