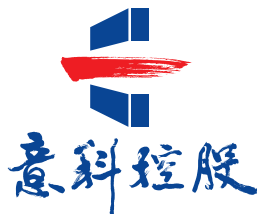


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



eFORCE HOLDINGS LIMITED

意科控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 943)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
AMPLE ONE LIMITED**

THE SALE AND PURCHASE AGREEMENT

On 31 May 2019 (after trading hours of the Stock Exchange), the Vendor (a direct wholly-owned subsidiary of the Company), the Purchaser and the Guarantor entered into the Agreement, pursuant to which, among other things, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares, which represent the entire issued share capital of the Target, at the Consideration of HK\$166,400,000. The Guarantor has agreed to guarantee the performance of the obligations of the Purchaser subject to and upon the terms and conditions of the Agreement.

The Target is an investment holding company and its subsidiaries are principally engaged in the production and sale of organic agricultural and fertiliser products in the PRC. Upon Completion, the Target will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 31 May 2019 (after trading hours of the Stock Exchange), the Vendor (a direct wholly-owned subsidiary of the Company), the Purchaser and the Guarantor entered into the Agreement, pursuant to which, among other things, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares, which represent the entire issued share capital of the Target, at the Consideration of HK\$166,400,000. The Guarantor has agreed to guarantee the performance of the obligations of the Purchaser subject to and upon the terms and conditions of the Agreement.

Principal terms of the Agreement are set out below.

THE AGREEMENT

Date: 31 May 2019

Parties: (i) Vendor : Access Sino Investments Limited
(a direct wholly-owned subsidiary of the Company);

(ii) Purchaser : Joyful Treasure Enterprises Limited;

(iii) Guarantor : Mr. Wong Ching Ka, who guarantees the performance of the obligation of the Purchaser under the Agreement

Assets to be disposed of

Pursuant to the Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares, which represent the entire issued share capital of the Target. Details of the Target are set out in the section headed “Information of the Target Group” below.

Consideration

The Consideration for the sale and purchase of the Sale Shares shall be HK\$166,400,000, which shall be paid to the Vendor by the Purchaser in cash by way of cashier order issued by a licensed bank in Hong Kong drawn in favour of the Vendor (or its nominee) in the following manners:

- (i) HK\$80,000,000 (the “**Deposit**”) shall be paid on or before the Completion Date;
- (ii) HK\$22,000,000 shall be paid within six months from the Completion Date;
- (iii) HK\$22,000,000 shall be paid within twelve months from the Completion Date;
- (iv) HK\$22,000,000 (subject to the Downward Adjustment as defined below) shall be paid within eighteen months from the Completion Date; and

- (v) the balance of HK\$20,400,000 shall be paid within twenty four months from the Completion Date.

In the event that the real estate ownership certificate for a factory complex located at Liaoyang Economic Development Zone, Liaoyang City, Liaoning Province, the PRC which was purchased by the WOFE pursuant to a factory sale agreement dated 24 January 2014 has not yet been obtained by the Group within twelve months from the Completion Date, the installment of Consideration as set out in (iv) above shall be adjusted downward by HK\$9,400,000 (the “**Downward Adjustment**”).

Basis of the Consideration

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor after taking into account (i) the unaudited consolidated net asset value of the Target Group attributable to the owner of the Target of approximately HK\$118,400,000 as at 30 April 2019; (ii) the intangible assets and other related assets and liabilities recognised in the Group resulting from the business combination of the Target in 2015 of approximately HK\$54,000,000 as at 30 April 2019; (iii) a discount of approximately HK\$6.2 million (equivalent to approximately 3.6% to the aggregate balance of item (i) and (ii) above) representing the prepaid expenses on the marketing and infrastructure development recorded as assets of the Target Group subject to amortisation; and (iv) the price-to-earnings ratios of 16 comparable companies which are principally engaged in fertiliser manufacturing and selling business in the PRC.

The price-to-earnings ratio of the Target Group based on the Consideration and the net profit of approximately HK\$6,661,000 for the year ended 31 December 2018 is approximately 24.98 times, which is higher than the mean of approximately 22.57 times and the medium of approximately 16.67 times of the price-to-earnings ratio of the aforesaid 16 comparable companies.

Conditions precedent

Completion is conditional upon the fulfillment (or waiver, as the case may be) of the following conditions:

- (i) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the transactions contemplated under the Agreement having been obtained;
- (ii) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the transactions contemplated under the Agreement having been obtained;

- (iii) the representation and warranties made by the Vendor under the Agreement remaining true, accurate and complete in all respects; and
- (iv) the warranties provided by the Purchaser under the Agreement remaining true, accurate and complete in all material respects.

The Purchaser shall use its best endeavours to procure the fulfillment of the conditions set out in (ii) and (iv) above. The Vendor shall use its best endeavours to procure the fulfillment of the conditions set out in (i) and (iii) above.

The Vendor may at any time waive in writing the condition set out in (iv) above. The Purchaser may at any time waive in writing the condition set out in (iii) above.

If any of the above conditions have not been fulfilled or waived (as the case may be) on or before 4:00 p.m. on 30 June 2019 or such other time and date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine and the Vendor shall refund the Deposit, if it has been paid, without interest to the Purchaser (except that if any of the conditions above is not fulfilled as a result of the sole default of the Purchaser in which case the Deposit shall not be refunded to the Purchaser) and no party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

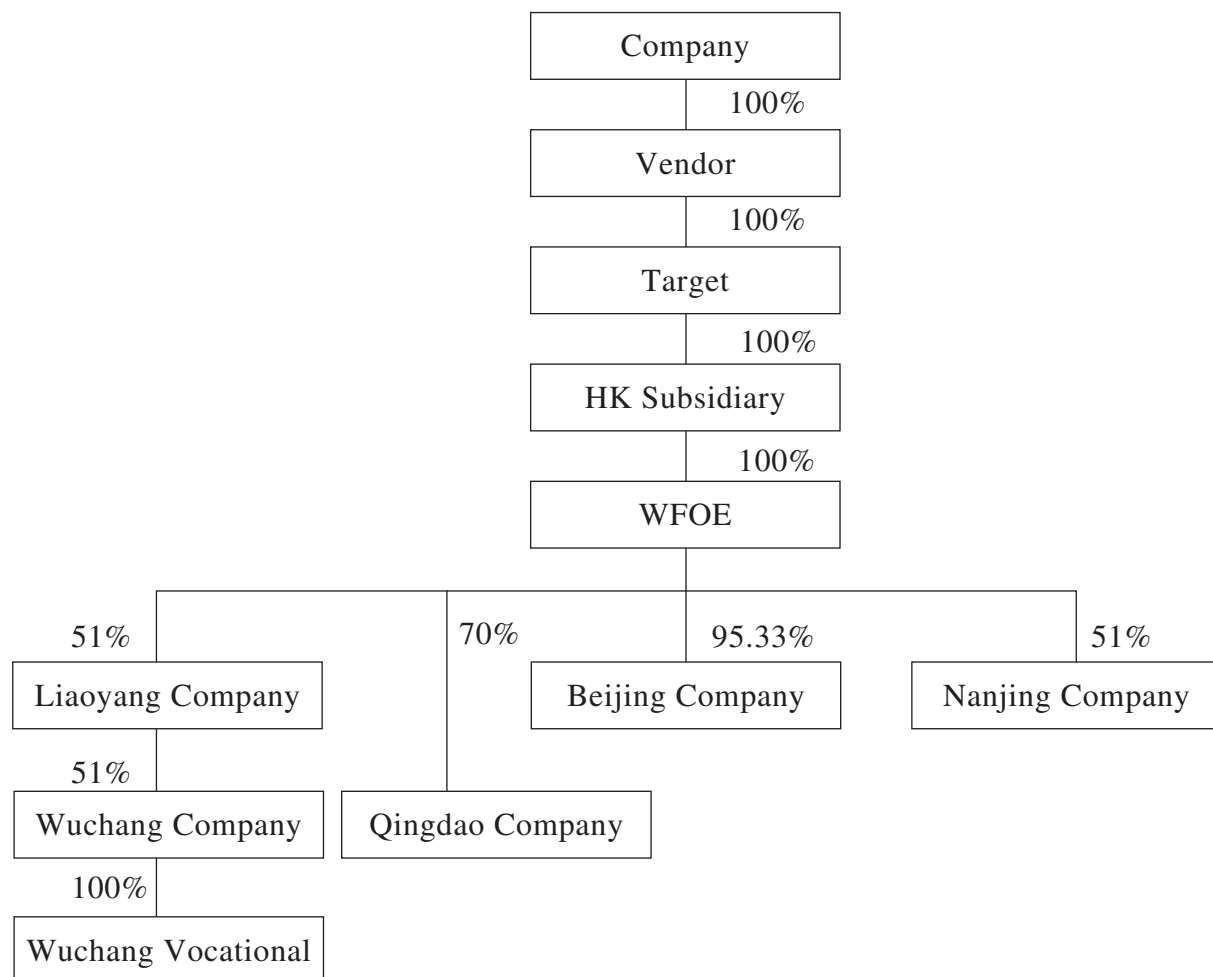
Completion will take place on the third Business Day after the fulfillment or waiver (as the case may be) of all of the conditions precedent to the Agreement, or such other date as the parties to the Agreement may agree in writing.

Upon Completion, the Target will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

INFORMATION OF THE TARGET GROUP

Shareholding of the Target Group

Set out below is the shareholding structure of the Target Group immediately before Completion:



The Target was incorporated in the BVI with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. The Target is an investment holding company and its subsidiaries are principally engaged in the production and sale of organic agricultural and fertiliser products in the PRC.

The key product produced by the Target Group is liquid microbial fertiliser, a type of organic fertiliser which can be employed in different agricultural applications for promoting plant and crop growth and to achieve optimal yield and quality. Microbial fertiliser of the Target Group contains bacteria and other microorganisms. When the microbial fertiliser is added to soil, nutrients will be provided to the plants through biological activities of the microbes contained in the microbial fertiliser. In addition, microbial fertiliser of the Target Group can also be used to control heavy metal pollution by moderating the pH value of soil and by formation of a filter layer to isolate the heavy metals. In this connection, microbial fertiliser of the Target Group can be applied for improving soil quality and soil fertility.

Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards for each of the two years ended 31 December 2017 and 2018:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit before taxation	7,078	2,935
Profit after taxation	6,661	2,890

Based on the unaudited consolidated financial statements of the Target Group as at 30 April 2019, the unaudited consolidated net asset value of the Target Group attributable to the owner of the Target as at 30 April 2019 was approximately HK\$118,400,000.

INFORMATION OF THE PURCHASER

The Purchaser was incorporated in the BVI with limited liability and is principally engaged in investment holding. The Purchaser is ultimately owned as to 70% by the Guarantor and 30% by Mr. Lam Yau Hung Billy.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, the Guarantor and Mr. Lam Yau Hung Billy are third parties independent of the Company and its connected persons.

FINANCIAL EFFECT OF THE DISPOSAL

The Company expects to record a loss of approximately HK\$6.3 million from the Disposal, being the Consideration for the Disposal less the unaudited consolidated net asset value of the Target Group attributable to the owner of the Target as at 30 April 2019 and the intangible assets and other related assets and liabilities recognised in the Group as at 30 April 2019 resulting from the business combination of the Target in 2015. Shareholders should note that the actual loss from the Disposal to be recorded by the Group will depend on the consolidated net asset value of the Target attributable to the Company as at the Completion Date and therefore may be different from the amount mentioned above.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in the manufacture and sale of healthcare and household products, coal mining business, production and sale of organic agricultural and fertiliser products and money lending business.

Despite the Target Group recorded segmental profits in the last few years, the management of the Company noted that the selling and distribution expenses, as well as the administrative expenses incurred in the business of the Target Group have been surging due to higher staff cost in the PRC, resulting in the declining segmental profits over the last few years. As set out in the section headed “Basis of the Consideration” above, the Consideration represents a price-to-earnings ratio which is higher than the mean and median of the price-to-earnings ratios of 16 comparable companies which are principally engaged in fertiliser manufacturing and selling business in the PRC. The Board considers the Disposal provides an opportunity to the Group to realise its investment in the Target Group at a reasonable price. Besides, the Company can focus on, and deploy its resources more effectively on the business segments of the remaining business of the Group following Completion.

As disclosed in the circular of the Company dated 21 December 2018, in order to settle the cash consideration for the acquisition of Hong Kong Zhongzheng City Investment Limited, Mr. Leung, the controlling shareholder of the Company, would provide a shareholder’s loan in the principal amount of HK\$300 million to the Company. As a result, a shareholder’s loan in the amount of HK\$300 million has been drawn down by the Company. The shareholder’s loan bears an interest rate of 2.2% per annum and is repayable in two years from the drawdown date. It is the Company’s intention to utilise the net proceeds from the Disposal, amounting to approximately HK\$165.9 million, to repay part of the outstanding shareholder’s loan provided by Mr. Leung to reduce the interest expense of the Group.

Having considered the above reasons, the Directors consider that the terms of the Agreement are fair and reasonable, and the Disposal is in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the conditional sale and purchase agreement dated 31 May 2019 and entered into among the Vendor, the Purchaser and the Guarantor in relation to the sale and purchase of the Sale Shares
“Beijing Company”	東周豐源(北京)有機農業有限公司(Dongle Vine (Beijing) Organic Agriculture Limited Company*), an enterprise incorporated in the PRC and a 95.33%-owned subsidiary of the WFOE
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	eForce Holdings Limited, a company incorporated in Bermuda with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange (stock code: 943)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement

“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of HK\$166,400,000, subject to the Downward Adjustment, payable by the Purchaser to the Vendor for the sale and purchase of Sale Shares pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share pursuant to the terms and conditions of the Agreement
“Downward Adjustment”	the adjustment to the Consideration which may or may not be applied as set out in the section headed “The Agreement – Consideration” in this announcement
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Wong Ching Ka, who is interested in 70% of the equity interests in the Purchaser
“HK Subsidiary”	Crown Think Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Liaoyang Company”	遼陽翠京元生態農業有限公司 (L i a o y a n g CHYKINGYOUNG Ecological Agriculture Limited Company*), an enterprise incorporated in the PRC and a 51%-owned subsidiary of the WFOE
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Leung”	Mr. Leung Chung Shan, an executive Director and the controlling shareholder of the Company
“Nanjing Company”	南京翠京元生物科技有限公司 (N a n j i n g CHYKINGYOUNG Biological Technology Limited Company*), an enterprise incorporated in the PRC and a 51%-owned subsidiary of the WFOE

“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Purchaser”	Joyful Treasure Enterprises Limited, a company incorporated in the BVI with limited liability
“Qingdao Company”	青島翠京元生物科技有限公司 (Qingdao CHYKINGYOUNG Biotechnology Limited Company*), an enterprise incorporated in the PRC and a 70%-owned subsidiary of the WFOE
“Sale Shares”	50,000 shares of US\$1.00 each, representing the entire issued share capital of the Target
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.00004 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Ample One Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target and its subsidiaries
“Vendor”	Access Sino Investments Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“WFOE”	遼寧翠京元生態環境發展有限公司 (Liaoning CHYKINGYOUNG Ecological Environment Developing Limited Company*), an enterprise incorporated in the PRC and a wholly-owned subsidiary of the HK Subsidiary
“Wuchang Company”	五常市翠京元生態農業發展有限公司 (Wuchang CHYKINGYOUNG Ecological Agriculture Developing Limited Company*), an enterprise incorporated in the PRC and a 51%-owned subsidiary of the Liaoyang Company

“Wuchang Vocational”	五常市翠京元新型農民職業技能培訓有限公司 (Wuchang CHYKINGYOUNG Modern Vocational Skill Training Limited*), an enterprise incorporated in the PRC and a wholly-owned subsidiary of Wuchang Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
eForce Holdings Limited
Liu Liyang
Executive Director and Chief Executive Officer

Hong Kong, 31 May 2019

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

* For identification purpose only