

Chairman's Statement

On behalf of eForce Holdings Limited (the "Company") and its subsidiaries (the "Group"), I would like to present the 2005 Annual Report for the year ended 31 December 2005.

Business Overview and Prospect

2005 was a challenging year for the manufacturing business. Severe competition among manufacturers has put a lot of pressure on the selling prices of our products. The profit margin was further squeezed by the ever rising raw material cost. In an effort to maintain the gross margin, management has implemented various cost-reducing measures. The turnover for 2005 was HK\$168 million compared to HK\$170 million in 2004. Gross margin was at 23% compared to 22% in 2004.

In March 2006, we have decided to dispose of one of our wholly-owned subsidiary together with its entire investment in an associated company of the Group for a consideration of HK\$2 million. The associated company was principally engage in the development and sales of Linux-based Chinese application software in the PRC. The disposal constituted a discloseable transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and details of the disposal was contained in our circular to the shareholders on 18 April 2006. An impairment loss of HK\$12 million due to the disposal was recognized in the Group's results for the year ended 31 December 2005. Upon the completion of the disposal, the Group has discontinued all its information technology business and concluded the restructuring of the Group's business.

In 2006, we will focus on the manufacturing business where we have the scale and competitive edge and having said that, we will continue to search for new opportunities that will enhance our value to our shareholders.

Appreciation

On behalf of the Board of Directors ("Board"), I would like to thank all the shareholders for your continuous support. My appreciation also extends to my fellow directors, the management and staffs for their commitment, dedication and contributions to the Group in the past year.