

# Auditors' Report

## RSM Nelson Wheeler

羅申美會計師行

Certified Public Accountants

TO THE SHAREHOLDERS OF

eFORCE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 25 to 75 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group and of the Company, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to us was limited because of the absence of sufficient documentary evidence to verify the validity of the financial support from a substantial shareholder. As explained in note 2(a) to the financial statements, the Company's directors are of the opinion that the Company and the Group are able to continue as a going concern and to meet their obligations when they fall due having regard to the HK\$30 million loan facilities available to the Company from financial institutions and the continuing financial support from a substantial shareholder, Tees Corporation. However, we were not provided with sufficient documentary evidence to verify the validity of the financial support from Tees Corporation. There were no other satisfactory audit procedures that we could adopt to verify whether Tees Corporation could provide adequate financial assistance to maintain the Company and the Group as a going concern in the foreseeable future.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

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## Fundamental uncertainties relating to the going concern basis

The Group incur a loss of approximately HK\$27 million for the year ended 31 December 2005 and had net current liabilities and net liabilities of approximately HK\$63 million and HK\$31 million respectively at 31 December 2005. As explained in note 2(a) to the financial statements, these financial statements have been prepared on a going concern basis as the directors of the Company are of the opinion that the Company and the Group are able to continue as a going concern and to meet their obligations as when they fall due having regard to the HK\$30 million loan facilities available to the Company from financial institutions and the continuing financial support from a substantial shareholder, Tees Corporation.

However, it is uncertain that the financial institutions will continue to provide the HK\$30 million loan facilities to the Company as the financial institutions reserve the right to terminate the loan facilities at any time by written notice to the Company. Moreover, we were not provided with sufficient documentary evidence to verify the validity of the financial support from Tees Corporation. There were no other satisfactory audit procedures that we could adopt to verify whether Tees Corporation could provide adequate financial assistance to maintain the Company and the Group as a going concern in the foreseeable future.

The financial statements do not contain any adjustments that would result from the failure of the Company and the Group to obtain adequate financial assistance to enable it to continue as a going concern. These would include any adjustments to write down the Company's and the Group's assets to their recoverable amounts, to provide for any liabilities which may arise on cessation of business and to reclassify non-current assets as current assets.

In forming our opinion, we have considered the adequacy of the disclosures made in note 2(a) to the financial statements. We consider that appropriate disclosures concerning the fundamental uncertainties have been made.

However, in view of the extent of the fundamental uncertainties relating to the continuance and validity of the financial supports mentioned above, we are unable to form an opinion as to whether the Company and the Group can continue as a going concern. In addition, we are unable to quantify the adjustments that would be required if these financial statements were not to be prepared on a going concern basis.

## Qualified opinion: Disclaimer on view given by the financial statements

Because of the significance of the possible effects of the limitation in evidence available to us relating to the matter referred to in the "basis of opinion" section of this report and of the fundamental uncertainties relating to the going concern basis, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2005 and of the Group's loss and cash flows for the year then ended. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on our works relating to the matter referred to in the "basis of opinion" section of this report, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

**RSM Nelson Wheeler**  
*Certified Public Accountants*

Hong Kong, 24 April 2006