

CHAIRMAN'S STATEMENT

On behalf of eForce Holdings Limited (the "Company") and its subsidiaries (the "Group"), I would like to present the 2006 Annual Report for the year ended 31 December 2006.

In March 2006, we have disposed 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 engaged in the development and sales of Linux-based Chinese application software in PRC. The disposal has concluded the restructuring of the Group's business.

In June 2006, the Company has successfully placed a total of 360,000,000 ordinary shares of HK\$0.05 each to not less than 6 places at the placing price of HK\$0.05 per placing shares. The net proceeds of approximately HK\$17.5 million were used for repayment of loans from financial institutions and general working capital.

For our manufacturing business, despite a HK\$6 million or 4% growth in the turnover, the rising raw material cost and labor cost in the Guangdong province, coupled with the appreciating Renminbi, made the gross margin dropped by 2% or to 21% in 2006. The loss for the year was reduced to HK\$12 million or by 56% compared to HK\$27 million in 2005 as such there was an impairment on interests in associates of HK\$12.3 million and share of losses of associates of HK\$1.9 million in 2005.

On behalf of the Board, I would like to express my appreciation to all of our shareholders for their continuous support throughout the past year. Looking forward in 2007, it is anticipated that the global consumer products market will continue to provide steady but modest growth. However, the increasing pressures from the appreciating Renminbi will remain as our biggest challenge and we must counteract it by focus our effort in developing higher value added products to enhance the Group's competitiveness. On the other hand, we will continue to search for new opportunities that will enhance our value to our shareholders.