

Report of the Auditors



CCIF CPA Limited
37th Floor, Hennessy Centre
500 Hennessy Road
Causeway Bay, Hong Kong

Genesis Energy Holdings Limited

(Formerly: GeoMaxima Energy Holdings Limited)

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 29 to 86 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 financial 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 Company's and the Group's circumstances, consistently applied and adequately disclosed.

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Basis of opinion *(continued)*

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 as set out below:

1) *Alleged bank loans and interest thereon*

As explained in note 35 to the financial statements, due to the alleged forgery of a former director of the Group on the bank loans of approximately RMB240 million (the "Alleged Loan") borrowed under the name of Xinjiang Xingmei Oil-Pipeline Co., Ltd. ("Xinjiang Xingmei"), a Company's subsidiary established in the People's Republic of China ("PRC"), during the previous accounting periods. Calculated up to 31 December 2005, the interest on the Alleged Loan was amounting to approximately RMB8 million (the "Alleged Interest"). As at the balance sheet date, the Alleged Loan and the Alleged Interest thereon have not been recorded in the books of Xinjiang Xingmei or any other companies among the Group as liabilities. With the advices from a legal adviser in the PRC, the directors are of the opinion that it is unlikely that Xinjiang Xingmei or any other companies among the Group has legal or financial obligation to pay the Alleged Loan and the Alleged Interest. However, based on the available audit evidence provided by the directors of the Company, there was no sufficient evidence available to us to support whether the Group has obligation to pay the Alleged Loan and the Alleged Interest. There were no practical alternative audit procedures that we could perform to determine the obligation of the Group regarding the Alleged Loan and the Alleged Interest.

2) *Impairment of interest in jointly controlled entity*

As explained in note 21 to the financial statements, the carrying amount of the Group's interest in a jointly controlled entity ("JCE") before impairment was RMB58,887,000 as at 31 December 2005. Due to the possible termination of an industrial project, the project of the JCE involving the building up of a gas pipeline network was suspended during the year ended 31 December 2005. With reference to the projected cash flows of JCE, it is unlikely that JCE can be operating as a going concern entity. In view of that, the Group had written down the entire carrying amount of the interest in the JCE by an impairment of RMB58,887,000. In the absence of adequate information and sufficient audit evidence, we are unable to assess whether the provision of impairment relating thereto as determined by the directors is appropriate and is fairly stated in the financial statements.

Any adjustments to the above figures would have a consequential effect on the Group's and the Company's net assets as at 31 December 2005 and on the Group's loss and cash flows for the year then ended. 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 uncertainty relating to going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the adoption of the going concern basis, being the basis on which the financial statements have been prepared. As explained in note 2 to the financial statements, the Group is currently undertaking a number of measures to relieve its current profitability and liquidity problem. The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the renewal of the short-term bank loans, the ability to obtain continuing financial support from the controlling shareholder and the attainment of profitable and positive cash flow in operations. The financial statements do not include any adjustments that may be necessary should the implementation of such measures be unsuccessful. We consider that appropriate disclosures have been made, but the inherent uncertainties surrounding the circumstances under which the Group might successfully continue to adopt the going concern basis are so extreme that we have disclaimed our opinion. Additionally, 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 fundamental uncertainty relating to the going concern basis and the possible effect of the limitation in evidence available to us as set out in the basis of opinion section of this report, 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 of 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.

CCIF CPA Limited

Certified Public Accountants

Hong Kong, 26 April 2006

Betty P.C. Tse

Practising Certificate Number P03024