

I joined the Board as Chairman in early November 2001, and am pleased to see that the Group has made significant progress in the consolidation and repositioning of its business activities. The 2001 results reflect the effects of consolidation and transition efforts, and are discussed in more detail in the “Management Discussion and Analysis”. To give our shareholders a better understanding of the Group and its future direction, I will concentrate my report more on the Group’s business aspects and people.

ACQUISITION OF OMNITECH HOLDINGS LIMITED (“OHL”)

The acquisition of OHL around the end of 2001 represents a significant event in repositioning the Group in the niche high value-added technology and component business. OHL is listed on the Australian Stock Exchange and its main business activities are smart card solutions and electronic components, which fit perfectly with into our core businesses. The integration of OHL with the Group has taken place seamlessly and this should yield positive effects in pooling of resources and cost savings.

ADVANCED SMART CARD SOLUTIONS AND ENABLING TECHNOLOGY

OHL’s subsidiary, VFJ Technology Holdings Limited (“VFJ”), is a leading technology company in advanced contactless smart card solutions and enabling technology. VFJ’s smart card readers and systems are used by customers in a number of markets world-wide, including the Shanghai Metro, tollways in over 10 provinces in China such as Sichuan, Zhejiang, Guangxi, etc., bus systems in Taiwan, Italy and Brazil, access/security control system for various Hong Kong companies such as The Hong Kong Air Cargo Terminal, The University of Hong Kong, and several major property companies. Beijing Metro has also recently confirmed the adoption of VFJ’s system on Line 13 as the first sector to use the system. Due to the 2008 Olympics and Beijing’s commitment to the use of smart card for the city’s transportation and other sectors, we are honoured to have the opportunity to participate in such an early stage of the implementation of this massive plan. We are very excited about the prospects and are cautiously optimistic that VFJ’s advanced contactless smart card solutions will be adopted for the whole plan.

Due to its widely accepted technology excellence, VFJ has teamed up with a major US company in Asia to supply VFJ smart card readers technology for the US company’s products in Asia in the access/security control system area where the US company is a world-wide leader. We are pleased to say that the US company has already secured a prestigious contract in Hong Kong and has been installing products incorporating VFJ technology. Various negotiations are in progress in Europe with some of the biggest technology companies in Germany, France, the UK and Italy exploring potential business cooperations or joint ventures to exploit the huge market potentials of smart card applications. As Europe leads the world in terms of smart card technology, the prospects are truly exciting. A new contract in Italy is also worth mentioning as it will provide the testing ground for a new type of smart card, the combi card, which the R&D team of VFJ believes is the best of its kind and could provide VFJ further technology edge to open up new commercial opportunities.

Faced with such diverse and exciting market potential, the Board has decided to adopt a balanced approach, to ensure the Group will have the resources to handle growth and expansion at a manageable rate. Geographically, priority is given to fully exploiting the China market. A different strategy will be adopted for Europe where the Group will encourage joint ventures in developing and marketing of new applications, and may raise separate funding, if necessary in Europe, to capture market opportunities. In terms of application, access/security control system will be a major business initiative and VFJ will be working with leading international names in this field. Parking meters use particularly in China is another major market segment that VFJ may explore in the near future, subject always to the Group's strict policy of prudent financial management and manageable expansion.

I am confident that combining the technology and market presence of VFJ with the resources of the Group, we would be able to build the Group into a leading provider of advanced smart card solutions and enabling technology in the world.

ELECTRONIC COMPONENTS

Since the disposal of the consumer electronics business in 2000, the Group planned to concentrate on electronic components. The acquisition of OHL now provides a good opportunity to speed up further expansion in this field, as one of OHL's subsidiaries, Lik Hang Holdings Limited, is a well known name in the electronic components field. Lik Hang specializes in coil related componentry such as transformers, line filters and frequency transformers. These components are widely used in consumer electronic products in the field of video, audio and telecommunication. Most of Lik Hang's sales are made to multi-national brand names such as Philips, Sony, National/Panasonic, etc. Lik Hang is well managed and maintains a profitable track record. Together with Lik Hang, the Group plans to become a leader in electronic components through natural growth and acquisitions.

E-COMMERCE AND TRADING

Our associate company, Bizipoint.com Limited ("Bizipoint") operates a vertical B2B e-commerce trading platform, which is officially and exclusively endorsed by the China Electronic Chamber of Commerce ("CECC"). The collapse of the Internet market about two years ago has seen the failure and closing down of a vast number of Internet based businesses. Due to strict financial controls and strong support from the shareholders, Bizipoint has grown to become probably the leader as a B2B e-commerce trading platform for the electronics industry in this part of the world. There are now close to 15,000 members from over 130 countries around the world, 80% of whom are from China. Perhaps coinciding with the WTO entry, Bizipoint has seen strong interests from different countries making trade enquiries to source products from China. With a very solid foundation after two years of operations, Bizipoint is poised to capture commercial opportunities in both e-commerce and traditional trading, arising from its membership base and the exclusive relationship with CECC. The technology team and expertise of Bizipoint will be added to the pool of technology resources of the Group.

Mr. Peter Au, CEO of OHL has recently been appointed as CEO of Bizipoint as the former CEO, Miss Jean Lee, has left to pursue other opportunities. On behalf of the Board, I would like to thank Miss Lee for her significant contributions over the past two years and wish her all the very best in her new endeavours.

PRINCETON VENTURE PARTNERS LIMITED (“PVP”)

I am pleased to say that our investment joint venture PVP has performed well in its first year of operations. PVP is a boutique investment company concentrating in technology, natural resources and environment, and media businesses. It operates closely with investment banks in China which together provide seamless advisory and investment services for companies in the Greater China region. PVP also undertakes advisory work when it believes PVP can become a partner or shareholder of the client on a long term basis. PVP's first investment was in Xteam Software International Limited (“Xteam”), a leader in Linux software application in China. Xteam had a very successful Initial Public Offering on the Hong Kong Growth Enterprise Market (“GEM”) in December 2001, and has become one of the most popular stocks on the GEM.

STRATEGIC INVESTMENTS

The Group's strategic investments concentrate on related businesses particularly those with strong market share or proprietary technology in which we believe we can add value. Given our management team's strong background in mergers and acquisitions and corporate finance, we would normally expect and if necessary assist the investee companies to list their shares on a reputable stock market within a time frame of 12 to 18 months. We invest in companies which have the potential for fast growth and to become market leaders, and work with the investee companies towards that goal. The investment in Xteam is a good example of what we can achieve with our strategic investments.

Our current portfolio includes companies with proprietary technology/products for the industrial fasteners market, environmental technology in combating desertification, and a leading brand in household appliances.

We will continue to look for further opportunities to invest in and are confident that we and our investee companies will always benefit from our association.

NEW CORPORATE NAME, CORPORATE CULTURE AND PEOPLE

Adopting a new identity to reflect our technology emphasis, the name of the Company has been changed to Omnitech Group Limited (“OGL”), effective 8 April 2002.

OGI has adopted a corporate culture different from most of the predominantly family controlled companies in this part of the world. OGI has and prefers to have a diverse shareholders' base without a single controlling shareholder. We acknowledge that we are still a relatively small company, and to achieve our mission of growth and expansion, we must have first class talents and an international corporate culture consistent with major multinational corporations. The Group has a policy of employing the best talents in the field. The Group's professional management team, who may or may not have shares in the Company, must be held accountable for the Group's performance and cannot fall back on the support of a controlling family or individual shareholder.

We believe that we have a strong Board and management team as can be seen from their biographical details in this Annual Report. There is great depth and expertise in a number of areas such as management, finance, banking, and accounting. The latest addition of Mr. Peter Au to the Board provides a strong background in manufacturing and electronics industry. We believe in maintaining good corporate governance and communication with shareholders.

Finally, may I take this opportunity to thank the management and staff for their dedication and hard work. I also want to thank my predecessor, Mr. Shum Siu Hung, for his invaluable contributions. Last but not least, I would also like to thank all our customers, suppliers, and professional advisers for their support, and hope to have the opportunity to continue and expand our business relationship in the future.

Huen Wing Ming, Patrick

Chairman

22 April 2002