



CHAIRMAN'S STATEMENT

OVERVIEW

2002 was a very challenging year for Hong Kong and for the Group. We continued our efforts and made significant progress in the consolidation and repositioning of the Group's business activities. Strong measures have been taken to cut costs and restructure inefficient and loss making operations. Notwithstanding the current adverse economic environments, the Group sees great potential in the China market in the years to come and has concentrated its business development and expansion efforts in China.

MAJOR DEVELOPMENT

The Group's 50.23% listed subsidiary in Australia, **Omnitech Holdings Limited ("OHL")** which was acquired at the beginning of 2002 has been fully absorbed into the Group. OHL reported mixed results for 2002.

Lik Hang Holdings Limited ("Lik Hang"), the electronic components division and a wholly-owned subsidiary of OHL, had a profitable year, and in anticipation of business expansion it has moved into a new factory in Dongguan, China in the first quarter of this year thereby increasing its production capacity by 50%. Lik Hang's vision is to become a leader in electronic componentry manufacturing through natural growth and acquisitions.

It was a year of restructuring and consolidation for **VFJ Technology Holdings Limited ("VFJ")**, the contactless smart card technology division 69% owned by OHL. For cost reasons, both the Hong Kong and Australian operations were significantly trimmed down. In Italy, efforts were focused on the bus projects at Varese and Pavia, now scheduled for completion in the first half of this year. While VFJ continues to enjoy marketing success in different parts of the world, we are of the opinion that the company is too small to operate in too many far flung places and should concentrate its efforts and resources in markets, where VFJ has a distinct competitive advantage, such as China. Various options and proposals are now being considered to deal with VFJ's overseas operations. In China, the company's smart card project for Line 13 of the Beijing Metro has advanced smoothly after some initial delays due to unforeseen technical problems. VFJ has also stepped up its marketing efforts in China, and successfully launched the price-competitive weigand access control reader during 2002. Due to the widening application of smart card and VFJ's leading technology in contactless smart card technology, VFJ is well positioned to capture more business opportunities in the exciting China market.

2002 was a very eventful year for **Bizipoint Group Limited ("Bizipoint")**, our associated company in e-commerce and Internet. Two key senior executives, namely the CEO and COO, left in April and October, respectively, to pursue other opportunities. Given their departure and the continuing difficult market environment for Internet and technology companies, the directors and shareholders of Bizipoint decided to adopt a much more conservative approach and to keep cash burn rate to an absolute minimum. While this is a financially prudent approach, it means that expansion and growth of Bizipoint will take a relatively longer period of time. As a result, a substantial provision was needed to write down our investment in Bizipoint. At the operations level, headcounts and operating costs were cut significantly. At the same

CHAIRMAN'S STATEMENT (continued)

time, Bizipoint stepped up its cooperation with the China Electronic Chamber of Commerce ("CECC"), and has become a fully integrated service center for members of CECC. In the longer term, Bizipoint should be able to generate more revenue from membership fees and other services.

Our investment joint venture company, **PVP Limited ("PVP")**, continued to expand its investment activities, but its results were adversely affected by poor market conditions. In view of the challenging business environment we have taken a critical review of all our strategic investments and made the necessary provision to reflect changing market situations. However, 2003 should be a much more exciting year for PVP and our investment activities.

As a part of our strategy to seek new investment opportunities and to diversify into businesses with high growth potential, the Group has invested in the sports/media and the timber industries, which should provide some exciting prospects in the current economic climate.

The Group has become a shareholder in **ACIG Media Holdings Limited ("ACIG")**, a company specializing in sports and media activities. ACIG has a strong relationship with European and international sports and media companies particularly in soccer and other popular sports activities. ACIG develops and markets multi-media products such as magazines, data/SMS service, television programming, etc. under international sports brands to expand into the vast China and South-east Asian markets.

During the year, the Group participated in the debt restructuring of a private company which controls substantial timber concessions in South America. The company is now expected to complete its debt restructuring and to emerge as a financially healthy company. Due to the growing shortage of hard wood supply worldwide as a result of excessive harvesting and increasingly stringent environmental requirements coupled with strong demand for log and wood products in countries like China, the Group hopes to benefit from the anticipated appreciation of timber values.

CHANGE OF CORPORATE NAME

To avoid confusion, the name of the Company has been changed to Omnicorp Limited effective 6 December 2002, to differentiate it from Omnitech Holdings Limited, our listed subsidiary in Australia.



CHAIRMAN'S STATEMENT *(continued)*

LOOKING AHEAD

The Group has entered the year 2003 leaner but healthier. We are excited by the potential of the China market, and are cautiously optimistic that, with the efforts and resources we have put in last year, the Group would be able to capture significant business opportunities in China going forward. At the same time, we are aware of the uncertainties of the economic environment and are committed to maintain strict financial discipline.

Last but not least, I would like to take this opportunity to thank my predecessor, Mr. Patrick Huen, for his invaluable contributions to the Group during his tenure as Chairman of the Company, and wish him all the best in his future endeavors. The Board also expresses its gratitude to Mr. Ivan Lau for his past service as an executive director of the Company.

Shaw Wen Fei

Chairman

16 April 2003