

CHAIRMAN'S STATEMENT

OVERVIEW

2003 represents a turnaround year for the Group, recording a net profit attributable to shareholders of HK\$10.9 million, the first set of profitable results after several years of losses. This performance is partly attributable to the favourable results of the Group's major operating subsidiary, Omnitech Holdings Limited ("OHL"), a company listed on the Australia Stock Exchange. OHL has also returned to profitability after incurring losses in the past few years. The turnaround has been built around strict financial discipline and cost control. The Group has a very low level of net borrowings and a financially healthy balance sheet.

BUSINESS REVIEW

Lik Hang Holdings Limited ("Lik Hang"), the electronic components division and a subsidiary of OHL, reported a profit before finance costs and taxation of HK\$7.4 million (2002: HK\$6.9 million). The core business of Lik Hang continued to be the manufacturing of intermediate-frequency transformers, coils and antenna bars for cordless phones and audio equipment. However, in view of the strong demand for composite components in a wide range of applications in tuner modules, DVD digital amplifier receivers and televisions, Lik Hang has expanded its production facilities and diversified its product portfolio into the supply of composite components, particularly for AM/FM tuner modules. Apart from organic growth, Lik Hang is also looking for merger and acquisitions opportunities with the aim to build Lik Hang into a leading manufacturer and supplier of electronic components.

VFJ Technology Holdings Limited ("VFJ"), the contactless smart card technology division and a subsidiary of OHL has finally reported a profit before finance costs and taxation of HK\$0.038 million (2002: loss of HK\$17.5 million). This profit is small but is significant as it represents the completion of the restructuring and consolidation of the division. VFJ has substantially cut back its overseas operations and now concentrates on business opportunities in the China market, where the company has excellent track records. The Beijing Metro Line 13 Project was successfully launched in late December 2003 and has become the key platform for the city of Beijing to spread and promote the use of contactless smart cards. This Project represents another milestone achievement for VFJ in China, coming after the installation of the first AFC system in China for Shanghai Metro in March 1999. With the Chinese Government's plans to step up its investment in infrastructure in Beijing and Shanghai prior to the 2008 Olympic Games and the 2010 World Expo, VFJ see enormous opportunities there and believes it is well positioned to expand in the exciting China market.

The Group's new trading division, through its subsidiaries Unicom Group Limited ("UGL") and Sino Trade Enterprises Limited ("Sino Trade"), has had a good performance. UGL and Sino Trade are expected to combine their marketing resources and team up with Lik Hang and VFJ to further expand the Groups' core electronics business and exploit new product lines.

CHAIRMAN'S STATEMENT CONTINUED

The investment activities of the Group have gone through a phase of consolidation and repositioning, and have started to produce results. The Group's investment joint venture company, PVP Limited had a profitable year. The Group's investment activities are expected to mature and realize their potentials in 2004 and beyond.

LOOKING AHEAD

With the turnaround achieved in 2003 and a healthy balance sheet, the Group is actively planning to expand again in 2004 through organic growth and acquisitions, with the aim to rebuild itself into a significant player in the manufacturing and trading sector for the China domestic and export market.

Shaw Wen Fei

Chairman

Hong Kong, 26 March 2004