

CHAIRMAN'S STATEMENT

During the year, the Group continued its efforts to consolidate and reposition its business activities. I believe the Group has entered 2005 in good financial health and is ready to move forward to capture the business opportunities available in the exciting China market.

I am also pleased that after months of active search to deepen and broaden the business activities of the Group, towards the end of year we completed the acquisition of a 51.5% interests in Windsor Treasure Group Holdings Limited ("Windsor Treasure"), which designs, markets and distributes medium to high end home furniture in the China market under its own brands. China's booming economy, rising standard of living coupled with massive urbanization involving millions of households will generate and sustain strong demand for homes and furniture for years to come. It is expected Windsor Treasure will make significant impact on the Group's results in the future.

The results of Omnitech Holdings Limited ("OHL"), our 51.6% subsidiary listed on the Australian Stock Exchange, was adversely affected by provisions made on certain trade receivables, mainly relating to overseas contracts of our smart card technology division, VFJ Technology Holdings Limited ("VFJ"). VFJ has already made the decision to exit those markets and to concentrate on China. VFJ has also strengthened its management recently and is expanding its marketing team. The Beijing Metro Line 13 Project completed in late 2003 has been a success. Working together with strategic partners VFJ is actively looking for further projects in Beijing. In Shanghai and other parts of China, where contactless smart card is fast becoming an accepted payment media in wide areas of applications, VFJ sees enormous opportunities given our technology and track record in the market.

Our electronics division had a mixed year. Due to severe competition and our stringent credit control, we scaled down significantly the trading of electronic products. Our electronic components business, namely Lik Hang Holdings Limited ("Lik Hang") which is wholly-owned by OHL, produced a reasonable set of results. More importantly during 2004, Lik Hang has commenced a product expansion plan in relation to the supply of composite components and has made good progress by the end of the year. Lik Hang is committed to upgrade its products to increase sales and margins.

The Group's investment activities have produced favourable results. Strategically our investments will concentrate in and around the Group's current business activities, namely furniture, electronics and technology, in order to add synergy to those core business.

Looking ahead, the Group hopes to expand and capture the huge growth potential in the booming China market. At the same time, we will continue to adopt a policy of financial prudence and tight cost controls.

Finally I would like to take this opportunity to welcome Mr. Wong Kin Chi, who joined the Board as an independent non-executive director on 30 September 2004. Mr. Wong is a seasoned qualified accountant and business executive and will bring with him substantial experience gained over many years working with large corporations operating in and outside China. I also would like to thank Mr. Lee Hoong Seun, who resigned as a director on 1 December 2004, for his contribution to the Group.

Shaw Wen Fei
Chairman

15 March 2005