

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st March, 2002.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of voltage converters and coils and rechargeable battery products.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st March, 2002 are set out in the consolidated income statement on page 20 and the accompanying notes to the financial statements. An interim dividend of HK\$0.08 per share was paid to the shareholders during the year. The directors do not recommend the payment of a final dividend. Total dividend for the year amounted to HK\$44,603,072.

FINANCIAL SUMMARY

A financial summary of the Group is set out on pages 53 and 54.

SHARE CAPITAL

Details of the Company's share capital are set out in note 24 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in note 26 to the financial statements.

INVESTMENT PROPERTIES

Details of the revaluation of the investment properties of the Group as at 31st March, 2002 are set out in note 14 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

DIRECTORS AND SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Ho Che Kong
Mr. Leung Wai Chuen
Mr. Kan Yuk Chuen

Non-executive directors:

Dr. Wong Ho Ching, Chris *
Mr. Ng Ching Wo *
Mr. Simon N. Hsu
Mr. Brian C. Beazer
Ms. Chan Lai Sha, Liza
Mr. Ho Sui Kwong, Alan
Mr. Peter Fitzgerald, Reilly (appointed on 31st December, 2001)
Mr. Robert Charles Stift (resigned on 31st December, 2001)
Mr. Yang Kin Ping, John (resigned as the alternate director to Mr. Ho Sui Kwong, Alan on 28th April, 2002)

* Independent non-executive directors

In accordance with Clauses 111(A) and 111(B) of the Company's Bye-laws, Dr. Wong Ho Ching, Chris, Messrs. Ng Ching Wo and Simon N. Hsu retire and, being eligible, offer themselves for re-election. All other remaining directors continue in office.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

The non-executive directors are subject to retirement by rotation as required by the Company's Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, the Group rented certain properties in an industrial estate in Songgang county, the People's Republic of China (the "PRC"), and paid rent amounting to approximately HK\$1,409,000 to 深圳市寶安區松崗鎮恒兆工業發展公司 Shenzhen City Baoan District Songgang County Heng Zhao Industrial Development Company ("Heng Zhao"). Heng Zhao has entered into an agreement with All Good Investments Limited ("All Good"), a company in which Messrs. Ho Che Kong and Leung Wai Chuen, the directors of the Company, have an interest of 24.5% and 12.2% respectively, for development of this industrial estate in Songgang county, the PRC. Pursuant to this agreement, All Good is entitled to 54% of the profit derived from this industrial estate.

Other than as disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at end of the year or at any time during the year.

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DIRECTORS' INTERESTS IN SECURITIES

At 31st March, 2002, the interests of the directors in the shares of the Company as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares held	
	Personal interest	Corporate interest
Mr. Ho Che Kong	64,484,000	—
Mr. Leung Wai Chuen	33,628,000	—
Mr. Simon N. Hsu	—	7,787,158 *
Mr. Brian C. Beazer	400,000	—

* These shares were owned by Strategic Planning Assets Limited, a company in which Mr. Simon N. Hsu has a controlling interest.

No director held an interest in the securities of the subsidiaries of the Company or any of its associated corporations as defined in the SDI Ordinance at 31st March, 2002 except for the following:

- (a) Certain nominee shares in subsidiaries held by directors in trust for the Group; and
- (b) Messrs. Ho Che Kong and Leung Wai Chuen own the following non-voting deferred shares in a subsidiary of the Company:

Name of subsidiary	Name of owner	Number of non-voting deferred shares
Pantene Industrial Co. Limited	Mr. Ho Che Kong	2,112
	Mr. Leung Wai Chuen	1,056

SUBSTANTIAL SHAREHOLDERS

At 31st March, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the directors, the Company has been notified of the following shareholders with interests representing 10% or more of the Company's issued share capital:

Name of shareholder	Number of shares held
Strategic Industries, LLC.*	130,000,800
Electronic Convergence Technology Ltd.*	130,000,800
Asian Corporate Finance Fund, L.P.**	65,000,400
Payawal Capital Limited	65,000,400
Investor AB***	74,836,000
Investor (Guernsey) II Ltd.	74,836,000

* Prior to 10th July, 2002, these shares were held indirectly by Strategic Industries, LLC., through its beneficial interest in the entire issued capital of Electronic Convergence Technology Ltd. Effective from 10th July, 2002, these shares were held indirectly by Strategic Industries, LLC., through its beneficial interest in the entire issued capital of SILLC Asia, LLC.

** These shares were held indirectly by Asian Corporate Finance Fund, L.P. through its beneficial interest in the entire issued capital of Payawal Capital Limited.

*** These shares were held indirectly by Investor AB through its beneficial interest in the entire issued capital of Investor (Guernsey) II Ltd.

SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to a special general meeting of the Company held on 25th August, 2000, the Company adopted an employee's share option scheme (the "Scheme") on that date for the primary purpose of providing incentive to the directors of the Company and eligible employees. According to the Scheme, the board of directors of the Company is authorised, at any time within three years after the adoption date of the Scheme, to grant options to eligible employees, including executive directors, of the Company and its subsidiaries at a nominal consideration to subscribe for shares in the Company at a price equal to the higher of the nominal value of the shares and an amount which is not less than 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of the grant of the options. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company from time to time. As at the date of this report, the maximum number of option shares issuable under the Scheme was 45,753,840 option shares.

Options granted must be taken up within 21 days after the date of grant, upon payment of HK\$1 as consideration for the options granted, and are exercisable on the first anniversary of the date of grant of such options and will expire at the close of business on the third anniversary.

The details in the number of options outstanding during the year which have been granted to the directors of the Company and employees of the Group under the Scheme were as follows:

Name of director	Date of grant	Exercise price HK\$	Number of option shares outstanding at
			1.4.2001 and 31.3.2002
Mr. Ho Che Kong	28.8.2000	0.62	2,000,000
Mr. Leung Wai Chuen	28.8.2000	0.62	2,000,000
Mr. Kan Yuk Chuen	28.8.2000	0.62	2,000,000
			6,000,000
Other employees	28.8.2000	0.62	4,000,000
			10,000,000

The financial impact of the share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the income statement or balance sheet for their costs. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded in the share premium account.

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other than as disclosed above, none of the directors, or their spouses and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

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CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the share options as set out in note 25 to the financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31st March, 2002 and there had been no exercise of convertible securities, options, warrants or similar rights during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2002 with the Code of Best Practice as set out in Appendix 14 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDITORS

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for the past three years.

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

HO CHE KONG

Chairman & Group Managing Director

Hong Kong
22nd July, 2002