

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st March, 2004.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of voltage converters, coils and components for electrical/electronic/mechanical products and rechargeable battery products.

Results and Appropriations

The results of the Group and appropriations of the Company for the year ended 31st March, 2004 are set out in the consolidated income statement on page 20 and the accompanying notes to the financial statements. A final dividend of HK\$0.02 per share is proposed by the directors. Total dividend for the year will amount to HK\$11,141,168.

Financial Summary

A financial summary of the Group is set out on pages 51 and 52.

Share Capital

Details of the Company's share capital are set out in note 23 to the financial statements.

Investment Properties

Details of the revaluation of the investment properties of the Group as at 31st March, 2004 are set out in note 13 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 14 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. Brian Cyril Beazer (<i>Executive Chairman</i>)	(resigned from non-executive director on 9th June, 2003)
Mr. Simon N. Hsu (<i>Executive Vice-chairman</i>)	(resigned from non-executive director on 9th June, 2003)
Mr. Wong Hei Pui, Andy	(appointed on 9th June, 2003)
Mr. Ho Che Kong	(resigned to non-executive director on 9th June, 2003)
Mr. Leung Wai Chuen	(resigned to non-executive director on 9th June, 2003 and resigned on 1st March, 2004)
Mr. Kan Yuk Chuen	(resigned on 1st July, 2004)
Mr. Lawrence Oei	(appointed on 9th June, 2003 and resigned on 2nd June, 2004)

Non-executive directors:

Dr. Wong Ho Ching, Chris *	
Mr. Ng Ching Wo *	
Mr. Ramon Sy Pascual	
Mr. Brian Cyril Beazer	(resigned to executive director on 9th June, 2003)
Mr. Simon N. Hsu	(resigned to executive director on 9th June, 2003)
Mr. Peter Fitzgerald, Reilly	
Mr. Teo Ek Tor	
Mr. Ho Che Kong	(resigned from executive director on 9th June, 2003)
Mr. Leung Wai Chuen	(resigned from executive director on 9th June, 2003 and resigned on 1st March, 2004)
Mr. William Peter Fong	(resigned on 31st March, 2004)

* Independent non-executive directors

In accordance with Clauses 111(A) and 111(B) of the Company's Bye-laws, Dr. Wong Ho Ching, Chris, Mr. Ng Ching Wo and Mr. Teo Ek Tor retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. 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\$2,752,000 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 director and former director 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. On 31st October, 2003, All Good entered into an agreement with an independent third party to dispose of its entire 54% interest in this industrial estate in Songgang County, the PRC.

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 the end of the year or at any time during the year.

Directors' Interests in Securities of the Company and its Associated Corporations

As at 31st March, 2004, the interests and short positions of the Directors of the Company in the shares, underlying shares comprised in options and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the SEHK were as follows:

Long Positions

(a) Ordinary shares of HK\$0.10 each of the Company

Name	Capacity	Number of ordinary shares	Percentage interest in the Company's issued share capital
Mr. Ho Che Kong	Beneficial owner	64,484,000	11.58%
Mr. Brian Cyril Beazer	Interest of a controlled corporation (Note 1)	33,050,000	5.93%
Mr. Simon N. Hsu	Interest of a controlled corporation (Note 2)	6,287,158	1.13%

Note:

- The majority of these shares are owned by BC Beazer Asia Pte Ltd., a company in which Mr. Brian Cyril Beazer has 50% equity interest.
- These shares are owned by Strategic Planning Assets Limited, a company in which Mr. Simon N. Hsu has 100% equity interest.

(b) Non-voting deferred shares of HK\$100.00 each in a subsidiary

Pantene Industrial Co. Limited ("Pantene")

Name of Director	Capacity	Number of non-voting deferred shares	Percentage to issued non-voting deferred shares of Pantene
Mr. Ho Che Kong	Beneficial owner	5,334	67%

Directors' Interests in Securities of the Company and its Associated Corporations (Continued)

(c) Share options

Name of directors	Capacity	Number of options held	Number of underlying shares
Mr. Simon N. Hsu	Beneficial owner	3,000,000	3,000,000
Mr. Brian Cyril Beazer	Beneficial owner	2,000,000	2,000,000
Mr. Wong Hei Pui, Andy	Beneficial owner	1,000,000	1,000,000
Mr. Kan Yuk Chuen	Beneficial owner	1,000,000	1,000,000
Mr. Lawrence Oei	Beneficial owner	1,000,000	1,000,000
		8,000,000	8,000,000

Other than as disclosed above, and except for nominee shares in certain subsidiaries held in trust for the Group at 31st March, 2004, neither the directors nor chief executive, nor any of their associates, had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders

As at 31st March, 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long Positions

Ordinary shares of HK\$0.10 each of the Company

Name of shareholders	Nature of interest	Number of shares held	Approximate percentage of issued shares
Strategic Industries, LLC *	Interest in a controlled corporation	130,000,800	23.34%
SILLC Asia, LLC	Beneficial owner	130,000,800	23.34%
Investor AB **	Interest in a controlled corporation	74,836,000	13.43%
Investor (Guernsey) II Ltd.	Beneficial owner	74,836,000	13.43%
Asian Corporate Finance Fund, L.P. ***	Interest in a controlled corporation	65,000,400	11.67%
Payawal Capital Limited	Beneficial owner	65,000,400	11.67%
Ho Che Kong	Beneficial owner	64,484,000	11.58%
General Electric Capital Corporation (NY)	Beneficial owner	38,573,698	6.93%
Brian Cyril Beazer ****	Interest in a controlled corporation	33,050,000	5.93%

* These shares were held indirectly by Strategic Industries, LLC., through its beneficial interest of the entire issued capital of SILLC Asia, LLC.

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

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

**** The majority of these shares were owned by BC Beazer Asia Pte Ltd., a company in which Mr. Brian Cyril Beazer has 50% equity interest.

All interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 31st March, 2004, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

Share Options and Directors' Rights to Acquire Shares or Debentures

Pursuant to a special general meeting of the Company held in April, 1994, the Company adopted an executives' share option scheme (the "Scheme") for the primary purpose of providing incentives to the executive directors and eligible employees of the Company and its subsidiaries. According to the Scheme, the Board of Directors of the Company is authorised, at any time within ten years after the adoption date of the Scheme, to grant options to eligible participants to subscribe for shares in the Company at a subscription price equal to the higher of the nominal value of the shares and an amount, to be determined by the Committee administering the Scheme, 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 the options are offered to the participant. 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. The maximum entitlement of any individual participant to a grant of options under the Scheme shall not exceed 25% of the maximum number of shares that may be issued under the Scheme. The Scheme expired in April 2004, and thereafter, no further options can be issued under the Scheme. As at the date of this report, there are 8,000,000 options under the Scheme still outstanding which, subject to vesting, can be exercised at any time until 2013.

Under the Scheme, the offer to grant options to eligible participants must be accepted within 21 days after the date of the offer, upon payment of HK\$1 as consideration for the offer. Options are exercisable only during the exercise period set out in the letter of offer, which does not exceed ten years in any event.

The movements 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 directors	Date of grant	Exercise price HK\$	Number of option shares				Number of underlying shares
			Outstanding at 1.4.2003	Granted during the year	Lapsed during the year	Outstanding at 31.3.2004	
Mr. Ho Che Kong	28.8.2000	0.62	2,000,000	—	(2,000,000)	—	—
Mr. Leung Wai Chuen	28.8.2000	0.62	2,000,000	—	(2,000,000)	—	—
Mr. Kan Yuk Chuen	28.8.2000	0.62	2,000,000	—	(2,000,000)	—	—
Mr. Brian Cyril Beazer	23.7.2003	0.36	—	2,000,000	—	2,000,000	2,000,000
Mr. Simon N. Hsu	23.7.2003	0.36	—	3,000,000	—	3,000,000	3,000,000
Mr. Wong Hei Pui, Andy	23.7.2003	0.36	—	1,000,000	—	1,000,000	1,000,000
Mr. Kan Yuk Chuen	23.7.2003	0.36	—	1,000,000	—	1,000,000	1,000,000
Mr. Lawrence Oei	23.7.2003	0.36	—	1,000,000	—	1,000,000	1,000,000
			6,000,000	8,000,000	(6,000,000)	8,000,000	8,000,000
Other employees	28.8.2000	0.62	3,000,000	—	(3,000,000)	—	—
			<u>9,000,000</u>	<u>8,000,000</u>	<u>(9,000,000)</u>	<u>8,000,000</u>	<u>8,000,000</u>

The closing price of the Company's share immediately before 23rd July, 2003, the date option were granted under the Scheme during the year under review, was HK\$0.34.

The directors of the Company consider that it is not appropriate to disclose the value of option granted during the year ended 31st March, 2004, since any valuation of the options would be subject to a number of assumptions that would be subjective and uncertain. The directors of the Company believe that the evaluation of options based on speculative assumptions would not be meaningful and would be misleading to shareholders.

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.



Share Options and Directors' Rights to Acquire Shares or Debentures *(Continued)*

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.

Convertible Securities, Options, Warrants or Similar Rights

Other than the share options as set out in note 24 to the financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31st March, 2004 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, 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules governing the Listing of Securities on the Stock Exchange.

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

BRIAN CYRIL BEAZER
Executive Chairman

Hong Kong
19th July, 2004