

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st March, 2005.

### Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacturing 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, 2005 are set out in the consolidated income statement on page 27 and the accompanying notes to the financial statements.

The directors do not recommend the payment of a dividend for the year ended 31st March, 2005.

### Financial Summary

A financial summary of the Group is set out on pages 59 and 60.

### Share Capital

Details of the Company's share capital are set out in note 22 to the financial statements.

### Investment Properties

Details of the revaluation of the investment properties of the Group as at 31st March, 2005 are set out in note 12 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 13 to the financial statements.

## Directors' Report

### 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 C Beazer ( <i>Executive Chairman</i> )	
Mr. David H Clarke ( <i>Executive Vice-chairman</i> )	(appointed on 28th September, 2004)
Mr. Simon N Hsu ( <i>Executive Vice-chairman</i> )	
Mr. Wong Hei Pui, Andy	
Mr. Kan Yuk Chuen	(resigned on 1st July, 2004)
Mr. Lawrence Oei	(resigned on 2nd June, 2004)

#### Non-executive directors:

Dr. Wong Ho Ching, Chris *	
Mr. Ng Ching Wo	
Mr. Ramon Sy Pascual *	
Mr. Teo Ek Tor	
Mr. Henry W Lim *	(appointed on 28th September, 2004)
Mr. Ho Che Kong	(resigned on 15th June, 2005)
Mr. Peter F Reilly	(resigned on 29th September, 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. Ramon Sy Pascual and Mr. Ng Ching Wo retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. All other remaining directors continue in office.

In accordance with Bye-laws 114 of the Bye-laws, Mr. David H Clarke and Mr. Henry W Lim, having been appointed by the Board during the course of the year as additional directors, retire at the first annual general meeting following their appointment, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In compliance with Provision A. 4.3 of Recommended Best Practices in the Code on Corporate Governance Practices issued by The Stock Exchange of Hong Kong Limited ("The SEHK"), the re-election of Dr. Wong Ho Ching, Chris as an independent non-executive director requires a separate shareholders' resolution as Dr. Wong Ho Ching, Chris has served for more than nine years as an independent non-executive director of the Company. For this purpose, shareholders are asked to consider the Board's recommendation regarding the re-election of Dr. Wong Ho Ching, Chris ("Dr. Wong") as stated herein. Notwithstanding that Dr. Wong has served more than nine years, the Board is satisfied that Dr. Wong is a person of integrity and stature, and independent in character and judgement. He is independent of management and free from any business or other relationships or circumstances which could materially interfere with the exercise of his independent judgment. His details are set out on page 14 of the Annual Report. Consequently, the Board recommends that shareholders re-appoint Dr. Wong as an independent non-executive director to serve for an additional year until the next annual general meeting.

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' Report

### Directors' Interests in Contracts and Connected Transactions

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, 2005, the interests of the directors of the Company and their associates 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 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	Approximate percentage of issued shares
Mr. Brian C Beazer	Interest in a controlled corporation (Note 1)	98,050,400	17.60%
Mr. David H Clarke	Interest in a controlled corporation (Note 2)	65,000,400	11.67%
Mr. Ho Che Kong (resigned on 15th June, 2005)	Beneficial owner	64,484,000	11.58%
Mr. Simon N Hsu	Interest in a controlled corporation (Note 3)	3,787,158	0.68%

#### Notes:

1. These shares are owned by BC Beazer Asia Pte. Ltd., a company in which Mr. Brian C Beazer has a 50% of equity interest.
2. These shares are held by GSB Holdings, Inc., Mr. David H Clarke has a 61.4% of interest in Great South Beach Improvement Co., which has a beneficial interest in the entire issued share capital of GSB Holdings, Inc..
3. These shares are owned by Strategic Planning Assets Limited, a company in which Mr. Simon N Hsu has 100% equity interest.

## Directors' Report

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

#### Long Positions (Continued)

##### (b) Share options

Name of directors	Capacity	Number of options held	Number of underlying shares
Mr. Brian C Beazer	Beneficial owner	5,031,053	5,031,053
Mr. David H Clarke	Beneficial owner	1,515,527	1,515,527
Mr. Simon N Hsu	Beneficial owner	9,062,106	9,062,106
Mr. Wong Hei Pui, Andy	Beneficial owner	1,606,210	1,606,210
		<u>17,214,896</u>	<u>17,214,896</u>

Other than as disclosed above, and except for nominee shares in certain subsidiaries held in trust for the Group at 31st March, 2005, neither the directors nor chief executive, nor any of their associates, had any interest in any shares, underlying shares or debentures of the Company or any of its associated corporations.

#### Shareholders with Notifiable Interests

As at 31st March, 2005, 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 ordinary shares held	Approximate percentage of issued shares
Mr. Brian C Beazer	Interest in a controlled corporation*	98,050,400	17.60%
Mr. David H Clarke	Interest in a controlled corporation**	65,000,400	11.67%
Investor AB	Interest in a controlled corporation***	74,836,000	13.43%
Mr. Ho Che Kong (resigned on 15th June, 2005)	Beneficial owner	64,484,000	11.58%
Asian Corporate Finance Fund, L.P.	Interest in a controlled corporation****	65,000,400	11.67%
General Electric Capital Corporation (NY)	Beneficial owner	38,573,698	6.92%

\* These shares are owned by BC Beazer Asia Pte. Ltd., a company in which Mr. Brian C Beazer has a 50% of equity interest.

\*\* These shares are owned by GSB Holdings, Inc.. Mr. David H Clarke has a 61.4% of interest in Great South Beach Improvement Co., which has a beneficial interest in the entire issued share capital of GSB Holdings, Inc..

\*\*\* 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.

## Directors' Report

### Shareholders with Notifiable Interests *(Continued)*

#### Long positions *(Continued)*

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

Save as disclosed above, as at 31st March, 2005, the Company has not been notified of any other relevant interests in the issued share capital of the Company.

#### Significant changes subsequent to 31st March, 2005

According to the announcement of the Company dated 2nd June, 2005, on 1st June, 2005, Mr. Ho Che Kong entered into two sale and purchase agreements to divest his entire 64,484,000 shares of the Company to two other substantial shareholders, of which 38,777,375 shares will be sold to BC Beazer Asia Pte. Ltd., and the remaining 25,706,625 shares will be sold to GSB Holdings, Inc.. After the transactions, the percentage of issued shares of the Company were amended as follows:

#### 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
Mr. Brian C Beazer	Interest in a controlled corporation*	136,827,775	24.56%
Mr. David H Clarke	Interest in a controlled corporation**	90,707,025	16.28%
Investor AB	Interest in a controlled corporation***	74,836,000	13.43%
Asian Corporate Finance Fund, L.P.	Interest in a controlled corporation****	65,000,400	11.67%
General Electric Capital Corporation (NY)	Beneficial owner	38,573,698	6.92%

\* These shares are owned by BC Beazer Asia Pte. Ltd., a company in which Mr. Brian C Beazer has a 50% of equity interest.

\*\* These shares are owned by GSB Holdings, Inc.. Mr. David H Clarke has a 61.4% of interest in Great South Beach Improvement Co., which has a beneficial interest in the entire issued share capital of GSB Holdings, Inc..

\*\*\* 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.

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

## Directors' Report

### Share Options and Directors' Rights to Acquire Shares or Debentures

- (a) Pursuant to a special general meeting of the Company held in April 1994, the Company adopted an executives' share option scheme (the "1994 Scheme") for the primary purpose of providing incentives to the executive directors and eligible employees of the Company and its subsidiaries. According to the 1994 Scheme, the Board of Directors of the Company is authorised, at any time within ten years after the adoption date of the 1994 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 a committee administering the 1994 Scheme, which is not less than 80% of the average of the closing prices of the shares on The SEHK on the five trading days immediately preceding the date of the options are offered to the participant.

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 1994 Scheme were as follows:

Name of director	Date of grant	Exercise price HK\$	Number of option shares		
			Outstanding at 1.4.2004	Lapsed during the year	Outstanding at 31.3.2005
Mr. Brian C Beazer	23.7.2003	0.36	2,000,000	—	2,000,000
Mr. Simon N Hsu	23.7.2003	0.36	3,000,000	—	3,000,000
Mr. Wong Hei Pui, Andy	23.7.2003	0.36	1,000,000	—	1,000,000
Mr. Kan Yuk Chuen (resigned on 1st July, 2004)	23.7.2003	0.36	1,000,000	(1,000,000)	—
Mr. Lawrence Oei (resigned on 2nd June, 2004)	23.7.2003	0.36	1,000,000	(1,000,000)	—
			8,000,000	(2,000,000)	6,000,000

## Directors' Report

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

- (b) At a special general meeting of the Company held on 30th August, 2004, a new share option scheme was adopted (the "2004 Scheme"). The Board is authorised to grant options to eligible executive directors and employees of the Company and its subsidiaries (the "Group"), to subscribe for shares in the Company. The number of underlying shares available under the 2004 Scheme shall not, in aggregate, exceed 5% of the issued shares as at 30th August, 2004. The exercise price of the options shall be determined by a committee administering the 2004 Scheme, and shall fall within the following prescribed parameters: they should not be less than (i) the par value of the shares, (ii) the closing price of the shares on the date of grant which must be a business day, and (iii) the average closing price of the shares over 5 consecutive trading days immediately preceding the date of grant. As at the date of this report, 8,683,554 options at an exercise price of HK\$0.242 and 7,381,022 options at HK\$0.250 have been granted under the 2004 scheme, which, subject to vesting, can be exercised at any time until 2014.

The movements in the number of share options under the 2004 Scheme during the current financial period are as follows:

Name of directors	Date of grant	Exercise price HK\$	Number of option shares granted during the year and outstanding at 31.3.2005
Mr. Brian C Beazer	28.9.2004	0.242	1,638,407
	20.12.2004	0.250	1,392,646
Mr. David H Clarke	28.9.2004	0.242	819,204
	20.12.2004	0.250	696,323
Mr. Simon N Hsu	28.9.2004	0.242	3,276,814
	20.12.2004	0.250	2,785,292
Mr. Wong Hei Pui, Andy	28.9.2004	0.242	327,681
	20.12.2004	0.250	278,529
			11,214,896
Other employees	28.9.2004	0.242	2,621,448
	20.12.2004	0.250	2,228,232
			16,064,576

The closing price of the Company's shares immediately before 28th September, 2004 and 20th December, 2004, the date options were granted under the 2004 Scheme during the year under review, was HK\$0.240 and HK\$0.245 respectively.

The directors of the Company consider that it is not appropriate to disclose the value of the options granted during the year ended 31st March, 2005, 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.

## Directors' Report

### 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.

### Major Customers and Major Suppliers

For the year under review, sales to the largest customer and the five major customers accounted for 24% and 50%, respectively of total sales for the year.

Purchases from the largest supplier and the five largest suppliers accounted for 4% and 15% respectively, of total purchases for the year.

As far as the directors are aware, none of the directors of the Company, their associates, or any shareholder (which to the knowledge of the directors own more than 5% of the Company's share capital) has any interest in the customers or suppliers of the Company disclosed above.

### Post Balance Sheet Event

Details of a significant post balance sheet event are set out in note 32 to the financial statements.

### Convertible Securities, Options, Warrants or Similar Rights

Other than the outstanding but unvested share options as set out above, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31st March, 2005 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.

### Audit Committee

The Audit Committee has reviewed with management the accounting principles and practises adopted by the Group and discussed internal control and financial reporting matters including the audited consolidated financial statements for the year ended 31st March, 2005.

The members of the Audit Committee comprise Mr. Henry W Lim (Chairman) and Dr. Wong Ho Ching, Chris, both independent non-executive directors, and Mr. Ng Ching Wo, a non-executive director. Mr. Brian C Beazer, the Executive Chairman, is the non-voting secretary of the Audit Committee.



## Directors' Report

### Public Float

Based on the information that is publicly available to the Company and with the knowledge of the directors of the Company throughout the year ended till the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Rules Governing the Listing of Securities (The "Listing Rules") on The SEHK.

### Code of Best Practice

The Company has complied throughout the year ended 31st March, 2005 with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing Rules on The SEHK.

### Model Code for Securities Transactions by Directors

The Company has adopted its own Code for Securities Transactions by Officers (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 to the Listing Rules of The SEHK. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Code during the year under review.

### Auditors

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company.

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 C BEAZER**

*Executive Chairman*

Hong Kong  
18th July, 2005