

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st March, 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of voltage converters, intermediate frequency transformers, rechargeable battery products and mobile phone accessories.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st March, 2001 are set out in the consolidated income statement on page 27 and the accompanying notes to the financial statements. A special dividend/distribution of HK\$0.10 per share, a special dividend of HK\$0.05 per share and an interim dividend of HK\$0.05 per share were paid to the shareholders during the year. A final dividend of HK\$0.05 per share is proposed by the directors. Total dividends/distribution for the year amounted to HK\$139,488,600.

FINANCIAL SUMMARY

A financial summary of the Group is set out on page 66.

SHARE CAPITAL

Details of the Company's share capital are set out in note 26 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 28 to the financial statements.

INVESTMENT PROPERTIES

Details of the revaluation of the investment properties of the Group as at 31st March, 2001 are set out in note 13 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$17.6 million to expand its continuing business. Details of these and other movements in the property, plant and equipment of the Group and the Company during the year are set out in note 14 to the financial statements.

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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	
Mr. Robert Charles Stiff	
Ms. Chan Lai Sha, Liza	(appointed on 23rd October, 2000)
Mr. Ho Sui Kwong, Alan	(appointed on 29th March, 2001)
Mr. Yang Kin Ping, John	(appointed on 29th March, 2001 as the alternate director to Mr. Ho Sui Kwong, Alan)
Mr. Jose Felix Suarez The Third	(resigned on 23rd October, 2000)
Mr. Hsieh Fu Hua	(resigned on 29th March, 2001)
Ms. Lee Shick	(resigned as the alternate director to Mr. Hsieh Fu Hua on 29th March, 2001)

* Independent non-executive directors

In accordance with Clauses 111(A) and 111(B) of the Company's Bye-laws, Messrs. Brian C. Beazer, Robert Charles Stiff and Ms. Chan Lai Sha, Liza 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\$1,717,000 during the year 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 the end of the year or at any time during the year.

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DIRECTORS' INTERESTS IN SECURITIES

At 31st March, 2001, 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	--	13,787,158*
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, 2001 except for the following:

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

Name of subsidiary	Name of owner	Number of non-voting deferred shares
Macel Technology Co., Limited	Mr. Ho Che Kong	2,640
	Mr. Leung Wai Chuen	1,320
Pantene Industrial Co. Limited	Mr. Ho Che Kong	2,112
	Mr. Leung Wai Chuen	1,056

SUBSTANTIAL SHAREHOLDERS

At 31st March, 2001, 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. (formerly known as Jade Holdings Pte. 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

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SUBSTANTIAL SHAREHOLDERS (continued)

- ^{*} These shares were held indirectly by Strategic Industries, LLC., through its beneficial interest in the entire issued capital of Electronic Convergence Technology Ltd..
- ^{**} These shares were held indirectly by Asian Corporate Finance Fund, L.P. through its beneficial holding of the entire issued capital of Payawal Capital Limited.
- ^{***} All 74,836,000 shares were held indirectly by Investor AB through its beneficial holding of the entire issued capital of Investor (Guernsey) II Ltd..

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the Company's employee share option scheme (the "Old SOS"), details of which are set out in note 27 to the financial statements, certain directors were granted options to subscribe for shares in the Company. During the year, the Old SOS was terminated and replaced by the new share option scheme (the "New SOS") in October 2000. However, options granted under the Old SOS prior to its termination which have not been exercised remain valid until such time as such options are exercised or lapsed and will continue to be administered under the rules of the Old SOS. Movements in the options outstanding during the year which were granted to the directors of the Company under the Old SOS were as follows:

Name of director	Date of grant	Exercise price HK\$	Number of option shares		
			Outstanding at 1.4.2000	Lapsed during the year	Outstanding at 31.3.2001
Mr. Ho Che Kong	14.10.1996	1.05	3,332,000	3,332,000	--
Mr. Leung Wai Chuen	14.10.1996	1.05	3,334,000	3,334,000	--
Mr. Kan Yuk Chuen	14.10.1996	0.91	1,000,000	1,000,000	--
Mr. Simon N. Hsu	14.10.1996	1.05	10,000,000	10,000,000	--

The New SOS also enables the Company to offer to full-time employees, including executive directors, of the Company and its subsidiaries options to subscribe for shares of the Company. Options granted to the full-time employees, including executive directors, are exercisable from the first anniversary of the date of grant of such options and will expire at the close of business on the third anniversary.

The number of options granted during the year and the number of options outstanding at 31st March, 2001 which have been granted to the directors of the Company during the year under the New SOS were as follows:

Name of director	Date of grant	Exercise price HK\$	Number of option shares granted during the year and outstanding at 31.3.2001
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

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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 27 to the financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31st March, 2001 and there had been no exercise of convertible securities, options, warrants or similar rights during the year.

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

During the year, the Company repurchased on The Stock Exchange of Hong Kong Limited a total of 520,000 shares of HK\$0.1 each in the share capital of the Company, all of which were then cancelled, at an aggregate price of HK\$260,000, pursuant to the general mandate granted to the Board of Directors at the Company's annual general meeting held on 28th September, 2000. Details of the aforesaid repurchases are set out in note 26 to the financial statements. The directors considered that such purchases might, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per share of the Company.

Other than as disclosed above, 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, 2001 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.

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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
18th July, 2001