

# Report of the Directors

The directors (“Directors”) of Goldbond Group Holdings Limited (formerly known as Can Do Holdings Limited) (“Company”) present herewith their annual report and the audited financial statements of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2003.

## **PRINCIPAL ACTIVITIES**

The Company is an investment holding company.

The principal activities of its subsidiaries have not changed during the year and consisted of property investment and other investments in Hong Kong and the PRC. Details of the principal activities of the subsidiaries are set out in note 11 on the financial statements.

## **CHANGE OF COMPANY NAME**

Pursuant to a special resolution passed at the extraordinary general meeting held on 11 April 2003, the name of the Company was changed from “Can Do Holdings Limited (長發建業有限公司)” to “Goldbond Group Holdings Limited (金榜集團控股有限公司)” with effect from 9 May 2003.

## **SEGMENT INFORMATION**

The Group’s turnover and loss from operating activities for the year ended 31 March 2003 were derived from property development and investment in Hong Kong. No segment analysis is provided as the Group’s operating results are almost entirely attributable to its property investment activities in Hong Kong.

## **RESULTS AND APPROPRIATIONS**

The Group’s loss for the year ended 31 March 2003 and the state of affairs of the Group at that date are set out in the financial statements on pages 26 to 28.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2003.

## **SUMMARY OF FINANCIAL INFORMATION**

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 67 of the annual report.

## **FIXED ASSETS AND INVESTMENT PROPERTIES**

Details of movements in the fixed assets and investment properties of the Group and the Company are set out in note 10 on the financial statements.

## **SHARE CAPITAL AND SHARE OPTIONS**

Details of movement in the Company’s share capital and share options during the year, together with reasons therefor, are set out in notes 20 and 21 on the financial statements.

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## RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 22 on the financial statements.

## DISTRIBUTABLE RESERVES

As at 31 March 2003, the Company had no distributable reserve as calculated under Section 79B of the Hong Kong Companies Ordinance. The Company's share premium account may be distributed by way of fully paid up bonus shares.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

## MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover and purchases attributable to the Group's five largest customers and suppliers, respectively, were both less than 30% during the year ended 31 March 2003.

## DIRECTORS

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

### Executive Directors:

Mr. Wong Yu Lung, Charles	(appointed on 28 January 2003)
Mr. Ko Po Ming	(appointed as an independent non-executive director on 14 February 2003 and re-designated as an executive director on 3 July 2003)
Ms. Loh Jiah Yee, Katherine	(appointed on 28 January 2003)
Mr. Lan Ning	(appointed on 28 January 2003)
Mr. Kee Wah Sze	(appointed on 28 January 2003)
Mr. Yeung Sau Chung	(resigned on 28 July 2003)
Mr. Liu Shun Chuen	(resigned on 28 January 2003)

### Independent Non-Executive Directors:

Mr. Ma Ho Fai	(appointed on 14 February 2003)
Mr. Zhang Xiao Shu	(appointed on 3 July 2003)
Ms. Tam Chi Ling, Elaine	(resigned on 14 February 2003)
Mr. Kwong Wai Tim, William	(appointed on 10 July 2002 and resigned on 14 February 2003)
Ms. Chan Yuk, Foebe	(resigned on 10 July 2002)

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In accordance with article 87 of the Company's articles of association, Mr. Wong Yu Lung, Charles, Mr. Ko Po Ming, Ms. Loh Jiah Yee, Katherine, Mr. Lan Ning, Mr. Kee Wah Sze, Mr. Ma Ho Fai and Mr. Zhang Xiao Shu will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

## **DIRECTORS' BIOGRAPHIES**

Biographical details of the Directors are set out on pages 16 and 17 of the annual report.

## **DIRECTORS' INTERESTS IN CONTRACTS**

No Director had a beneficial interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

## **MANAGEMENT CONTRACTS**

No contract concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries was entered into or existed during the year.

## **DIRECTORS' INTERESTS IN SECURITIES**

As at 31 March 2003, save as disclosed below, none of the Directors and their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance").

<b>Name of Director</b>	<b>Number of ordinary shares of the Company held as corporate interest</b>
Mr. Wong Yu Lung, Charles	375,913,800
Mr. Kee Wah Sze	267,402,600
Ms. Loh Jiah Yee, Katherine	131,763,600

## **DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Apart from those disclosed under the paragraph heading "share option schemes" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or their children under 18 years of age, or were any such rights exercised by them; or was the company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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## SHARE OPTION SCHEMES

Details of the Company's share option schemes and movements of share options during the year are set out in note 20 on the financial statements.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2003, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

<b>Name</b>	<b>Number of shares held</b>	<b>Percentage of the Company's share capital</b>
Allied Luck Trading Limited (Note 1)	375,913,800	11.34%

Note 1: Allied Luck Trading Limited is beneficially owned as to 50% by Mr. Wong Yu Lung, Charles and as to 50% by Mrs. Wong Fang, Pik Chun, the spouse of Mr. Wong.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

## CONNECTED TRANSACTION

During the year, the Group had a connected transaction, further details of which are set out in note 18 on the financial statements.

## POST BALANCE SHEET EVENTS

On 11 April 2003, special resolutions were passed at an extraordinary general meeting of the Company to implement a capital recognition (the "Capital Reorganisation"). Further details of the Capital Reorganisation are set out in note 25 on the financial statements under the paragraph heading "Capital Reorganisation".

On 26 June 2003, the Capital Reorganisation became effective upon filing of an order of the Court and minute of the Company with the Companies Registrar. As a result, the Company is required to give certain undertakings to the Court. These undertakings are summarised below:

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- (i) in the event of the Company making any future recoveries in respect of the assets which provision for diminution in value or depreciation of such assets was made in the accounts of the Company between 1 April 2001 and 31 May 2003, beyond their written down value in the Company's management accounts as at 31 May 2003, all such recoveries beyond that written down value up to an amount of HK\$16,906,000 ("the limit"), will be credited to a special capital reserve ("Capital Reserve 1") in the accounting records of the Company, and Capital Reserve 1 shall not be treated as realised profits and shall be treated as an undistributable reserve of the Company for the purposes of Section 79B and 79C of the Companies Ordinance (Cap. 32) or any statutory re-enactment or modification thereof provided that (1) the Company shall be at liberty to apply the said Capital Reserve 1 for the same purposes as a share premium account may be applied; (2) the limit in respect of Capital Reserve 1 may be reduced by the amount of any increase, after 26 June 2003, in the paid up share capital or the amount standing to the credit of the share premium account of the Company as the result of the payment up of shares by the receipt of new consideration or the capitalisation of distributable profits; (3) the limit in respect of Capital Reserve 1 may be reduced upon the disposal or other realisation, after 26 June 2003, of any of the assets by the amount of the provision made in relation to such asset as at 31 May 2003 less such amount (if any) as is credited to Capital Reserve 1 as a result of such disposal or realisation; and (4) in the event that the amount standing to the credit of Capital Reserve 1 exceeds the limit thereof after any reduction of such limit pursuant to (2) and/or (3) above, the Company shall be at liberty to transfer the amount of any such excess to the general reserve of the Company and the same shall become available for distribution.
- (ii) a further special capital reserve ("Capital Reserve 2") in the amount of HK\$9,911,914 (representing the accrued but unpaid liabilities of the Company to its trade and other creditors as at 31 May 2003 ("Liabilities")) will be created, and such reserve shall not be treated as realised profits and shall be treated as an undistributable reserve of the Company for the purposes of Section 79B and 79C of the Companies Ordinance (Cap. 32) or any statutory re-enactment or modification thereof provided that (1) Capital Reserve 2 may be applied or reduced in the same manner as set out in (i)(1) and (i)(2) above; (2) upon any of the said Liabilities being paid or otherwise extinguished, the amount of Capital Reserve 2 shall be reduced by the amount of the liabilities so paid or extinguished; and (3) in the event that the amount of Capital Reserve 2 is so reduced pursuant to an increase in paid up share capital or the amount standing to the credit of the share premium account as set out in (i)(2) and/or this (ii)(2) above, the Company shall at liberty to transfer the amount of any such reduction to the general reserves of the Company and the same shall become available for distribution.
- (iii) a further special capital reserve ("Capital Reserve 3") in the amount of HK\$54,876,200 will be created, and such reserve shall not be treated as realised profits and shall be treated as an undistributable reserve of the Company for the purposes of Section 79B and 79C of the Companies Ordinance (Cap. 32) or any

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statutory re-enactment or modification thereof provided that (1) Capital Reserve 3 may be applied or reduced in the same manner as set out in (i)(1) and (i)(2) above; and (2) in the event that the amount of Capital Reserve 3 is so reduced pursuant to an increase in paid up share capital or the amount standing to the credit of the share premium account as set out in (i)(2), the Company shall at liberty to transfer the amount of any such reduction to the general reserves of the Company and the same shall become available for distribution.

Details of other significant post balance sheet event are set out in note 25 on the financial statements.

## **CODE OF BEST PRACTICE**

In the opinion of the Directors, the Company complied with the Code of Best Practice (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the annual report, except that the Non-Executive Directors are not appointed for specific terms as required by paragraph 7 of the Code but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company’s articles of association.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee comprises two Independent Non-Executive Directors.

## **AUDITORS**

During the year, Ernst & Young resigned as auditors of the Company and KPMG was appointed to fill up the casual vacancy.

KPMG will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**Loh Jiah Yee, Katherine**

*Director*

Hong Kong, 28 July 2003