

The Directors submit the Annual Report and the audited financial statements for the year ended 31 December 2000.

CORPORATE RESTRUCTURING

During the year, the Company entered into negotiations with certain of the Group's bankers and the liquidator of a financial institution in Hong Kong (the "Creditors") and a potential investor, Global Innovation Investment Limited (the "Investor") for the restructuring of the Group's borrowings and the injection of new equity finance into the Group. Details of the corporate restructuring are set out in a circular dated 5 February 2001 issued in connection with the restructuring.

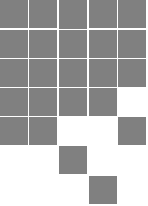
Pursuant to a restructuring scheme (the "Scheme") involving, inter alia, capital reduction, compromise agreement with Creditors, subscription agreement with the Investor, whitewash waiver, participation offer, change of name, and general mandates to issue and repurchase securities, a special general meeting was held on 23 March 2001 and a number of resolutions were passed by the members to sanction the Scheme.

CHANGE OF NAME

Pursuant to a special resolution passed at the special general meeting held on 23 March 2001, the name of the Company was changed from Ta Fu International Holdings Limited to Fulbond Holdings Limited.

PRINCIPAL ACTIVITIES

The Company acted as an investment holding company during the year. The activities of its principal subsidiaries and associates are set out in notes 21 and 22 to the financial statements, respectively.



Report of the Directors

RESULTS

The results of the Group for the year ended 31 December 2000 are set out in the financial statements on page 21.

DIVIDENDS

No dividend was paid during the year.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group is set out on pages 58 to 59 of this report.

SHARE CAPITAL AND WARRANTS

Details of the share capital are set out in note 32 to the financial statements.

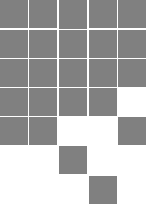
Subsequent to the balance sheet date, pursuant to the Scheme, the issued share capital of the Company was reduced from US\$16,569,000 to US\$828,000 by reducing the nominal value of the issued shares of the Company from US\$0.02 each to US\$0.001 each. In addition, 5,961,742,317 new shares of US\$0.001 each ("New Shares") and 1,346,051,326 warrants to subscribe for New Shares in the Company were issued and allotted to various parties involved in the Scheme.

RESERVES

Details of the movements during the year in the reserves of the Group and the Company are set out in note 34 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 19 to the financial statements.



BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group are set out in note 31 to the financial statements.

Pursuant to a conditional compromise agreement entered into on 10 November 2000 between the Company and the Creditors as part of the Scheme, on 30 March 2001, the Creditors received cash of US\$6 million, 1,320 million New Shares and 132 million warrants and three-year loan notes with an aggregate face value of US\$4.4 million, which bear interest at the rate of 7% per annum. In return, approximately US\$49 million of the Creditors' indebtedness of the Group were released.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws or the applicable law of Bermuda.

DIRECTORS

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

Chairman

Dr. Yang Ding-Yuan	(appointed on 30 March 2001)
Mr. Liu Ching-Chih	(resigned on 30 March 2001)

Vice Chairman

Ms. Yeung Mi-Ki	(resigned on 30 March 2001)
-----------------	-----------------------------

Executive Director

Dr. Hu Ding-Hua	(appointed on 30 March 2001)
Ms. Meng Tung-Mei, Grace	(appointed on 30 March 2001)
Dr. Yang Sun-Fu	(resigned on 30 March 2001)

Independent Non-executive Directors

Professor Edward S. Yang	(appointed on 30 March 2001)
Mr. Cheung Yuk-Leung	(appointed on 30 March 2001)
Mr. Hong Chun-Te	(resigned on 30 March 2001)
Mr. Chan Wing-Cham Lawrence	(resigned on 30 March 2001)

In accordance with 86(2) of the Company's Bye-laws, Dr. Hu Ding-Hua, Ms. Meng Tung-Mei, Grace, Professor Edward S. Yang and Mr. Cheung Yuk-Leung shall retire from office at the forthcoming annual general meeting, being eligible, offers themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

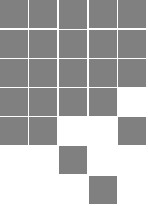
At 31 December 2000, the following beneficial interests in the share capital of the Company, its subsidiaries and associated corporations, as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were held by Directors and their associates as recorded in the register kept by the Company pursuant to section 29 of the SDI Ordinance:

- (i) Interests of the Directors in the shares of the Company:

Name of Directors	Number of shares personally held
Mr. Liu Ching-Chih	174,584,000
Ms. Yeung Mi-Ki	174,686,000
Mr. Hong Chun-Te	2,395,100

- (ii) Personal interests of the Directors in the non-voting deferred shares in the following subsidiaries of the Company:

Name of Director	Name of subsidiary	Number of non-voting deferred shares held
Mr. Liu Ching-Chih	Ta Fu Timber Company Limited	25,000 shares of HK\$100 each
	Fulbond High-Tech Investment Limited (Formerly known as Ta Fu Composition Board & Equipment Development Co., Ltd.)	1 share of HK\$100 each
	Ta Fu Flooring Company Limited	7,100 shares of HK\$100 each
	Ta Fu Furniture Co., Limited	1 share of HK\$10 each
	Ta Fu International Development Limited	1 share of HK\$100 each



DIRECTORS' INTERESTS IN SHARES (continued)

(ii)

Name of Director	Name of subsidiary	Number of non-voting deferred shares held
	Ta Fu Management Services Limited	1 share of HK\$100 each
	Ta Fu Properties Co., Limited	1 share of HK\$10 each
Ms. Yeung Mi-Ki	Ta Fu Timber Company Limited	25,000 shares of HK\$100 each
	Fulbond High-Tech Investment Limited (Formerly known as Ta Fu Composition Board & Equipment Development Co., Ltd.)	1 share of HK\$100 each
	Ta Fu Flooring Company Limited	2,900 shares of HK\$100 each
	Ta Fu Furniture Co., Limited	1 share of HK\$10 each
	Ta Fu Properties Co., Limited	1 share of HK\$10 each

Note: The rights and restrictions attaching to the abovementioned non-voting deferred shares are summarised in note 21 to the financial statements.

Save as disclosed above, no other interests were held or deemed or taken (under the SDI Ordinance) to be held by any Directors or any of their associates in any equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) at 31 December 2000.

DIRECTORS' INTERESTS IN SHARE OPTIONS

Details of the share options held by the Directors of the Company are as follows:

Name of Directors	Date of grant	Number of	Exercise price (per share)
		share options At 1 January 2000 and 31 December 2000	
Mr. Liu Ching-Chih	11 February 1997	20,716,000	HK\$1.85
Ms. Yeung Mi-Ki	11 February 1997	20,716,000	HK\$1.85
Dr. Yang Sun-Fu	11 February 1997	4,142,000	HK\$1.85

All the above Directors resigned on 30 March 2001. As Mr. Liu Ching-Chih and Mr. Yeung Mi-Ki remain as employees of the Group, there is no change in the number of share options held by them. The share options granted to Dr. Yang Sun-Fu were cancelled upon his resignation both as Director and employee of the Company.

Details of the Company's share option scheme are set out in note 33 to the financial statements.

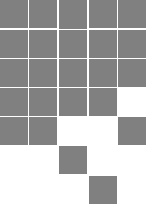
Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors and chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

DIRECTORS' SERVICE CONTRACTS

Mr. Liu Ching-Chih and Ms. Yeung Mi-Ki entered into service agreements with the Company for a fixed term of five years commencing on 11 December 1996 and such agreements would continue thereafter until terminated in accordance within the terms of the agreements. Both Mr. Liu Ching-Chih and Ms. Yeung Mi-Ki resigned as Directors on 30 March 2001 and their service agreements were terminated automatically.

There are no service contracts which are not determinable by the Company within one year without payment of compensation (other than statutory compensation), of any director proposed for re-election at the forthcoming annual general meeting.

The term of office for each non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.



CONNECTED TRANSACTIONS

During the year and as at 31 December 2000, Mr. Liu Ching-Chih and Ms. Yeung Mi-Ki provided guarantees and pledged shares in the Company beneficially owned by themselves to the Creditors and a supplier of the Group as securities.

Details of these arrangements are set out in note 18 to the financial statements.

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2000, the following shareholders, who were also Directors of the Company, were recorded in the register required to be kept under Section 16(1) of the SDI Ordinance as having an interest in 10% or more in the issued share capital of the Company:

	Number of shares beneficially held	Percentage of total issued share capital
Mr. Liu Ching-Chih	174,584,000	21.1%
Ms. Yeung Mi-Ki	174,686,000	21.1%

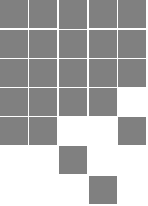
Save as disclosed above, no other person was recorded in the register kept pursuant to Section 16(1) of the SDI Ordinance as having an interest in 10% or more in the issued share capital of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentages of purchases attributable to the Group's five largest suppliers combined and the turnover attributable to the Group's five largest customers combined were less than 30% of the Group's total value of purchases and total value of turnover, respectively.

PURCHASE, SALE OR REDEMPTION OF SHARES

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



Report of the Directors

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 40 to the financial statements.

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31 December 2000 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listings of Securities on The Stock Exchange of Hong Kong Limited.

AUDITORS

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

On behalf of the Board

DR. YANG DING-YUAN

CHAIRMAN

Hong Kong, 27 April 2001