

Report of the Directors

The directors ("Directors") of Goldbond Group Holdings Limited (the "Company") have pleasure in submitting their annual report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities and other particulars of the subsidiaries are set out in note 12 on the financial statements.

SEGMENT INFORMATION

The Group's turnover and profit from operating activities for the year ended 31 March 2004 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 profit of the Group for the year ended 31 March 2004 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 16 to 20.

The Directors did not recommend the payment of a dividend in respect of the year ended 31 March 2004.

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 63 of the annual report.

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in fixed assets and investment properties of the Company and the Group are set out in note 11 on the financial statements.

SHARE CAPITAL

Details of movement in share capital of the Company during the year, together with reasons thereof, are set out in note 22 on the financial statements.

RESERVES

Movements during the year in the reserves of the Company and the Group are set out in note 23 to the financial statements.

DISTRIBUTABLE RESERVES

As 31 March 2004, 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.

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 2004.

DIRECTORS

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

Executive Directors:

Mr. Wong Yu Lung, Charles
Mr. Ko Po Ming
Ms. Loh Jiah Yee, Katherine
Mr. Kee Wah Sze
Mr. Lan Ning
Mr. Yeung Sau Chung (resigned on 28 July 2003)

Independent non-executive directors:

Mr. Ma Ho Fai
Mr. Zhang Xiao Shu (appointed on 3 July 2003)

In accordance with articles 117 and 118 of the Company's articles of association, Ms. Loh Jiah Yee, Katherine and Mr. Kee Wah Sze will retire by rotation and, being eligible, will offer themselves for re-election.

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on page 8 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' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2004, the interests of the Directors in the issued share capital of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO were as follows:

Name of Director	Number of shares of the Company held as corporate interest
Mr. Wong Yu Lung, Charles	497,232,000
Mr. Kee Wah Sze	472,589,643
Ms. Loh Jiah Yee, Katherine	404,770,143
Mr. Ko Po Ming	65,881,800

Save as disclosed above, at 31 March 2004, none of the Directors or chief executives or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company, any of its subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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SHARE OPTION SCHEME

Details of the Company's share option schemes during the year are set out in note 21 on the financial statements.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "share option scheme" above, at no time during the year was the Company, any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Company has been notified of the following interests in the Company's issued shares at 31 March 2004 amounting to 5% or more of the ordinary shares in issue:

Name	Number of shares held	Percentage of the Company's share capital
Allied Luck Trading Limited (Note 1)	497,232,000	29.91%
Ace Solomon Investments Limited (Note 2)	338,888,343	20.39%
Canasia Profits Corporation (Note 3)	133,701,300	8.04%

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.

Note 2: Ace Solomon Investments Limited is beneficially owned as to 11% by Mr. Wong Yu Lung, Charles, 46% by Mr. Kee Wah Sze and 43% by Ms. Loh Jiah Yee, Katherine.

Note 3: Canasia Profits Corporation is wholly owned by Mr. Kee Wah Sze.

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

CONNECTED TRANSACTION

- (1) During the year, an option agreement was entered into between a wholly-owned subsidiary of the Company, Perfect Honour Limited, and Wah Link Investments Limited ("Wah Link") of which Wah Link agreed to grant to Perfect Honour Limited the option to require Wah Link to purchase all the interests of Perfect Honour Limited in Rongzhong Group Limited. The option shall be exercised by Perfect Honour Limited during a period of three years commencing from the date on which the conditions precedent under the option agreement have been fulfilled. Wah Link is beneficially owned as to 51% by a family member of Mr. Wong Yu Lung, Charles ("Mr. Wong"), a substantial shareholder of the Company and as to 49% by Mrs. Wong, the spouse of Mr. Wong. Thus Wah Link is a connected person to the Group.
- (2) During the year, a convertible note subscription agreement was entered into between the Company and Wah Link of which Wah Link agreed to subscribe for the convertible note in the principle amount of \$70,000,000 at its face value. The conversion price is \$0.170 per ordinary share (subject to adjustment) and the principal amount of the convertible note will be automatically redeemed on the third anniversary of the issue date of the convertible note.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 29 on the financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2004 are set out in note 18 on the financial statements.

PROPERTIES

Particulars of the major properties and property interests of the Group are shown on page 64 of the annual report.

RETIREMENT SCHEMES

The Group operates a Mandatory Provident Fund Scheme. Particulars of which are set out in note 26 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

KPMG retire 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, 8 July 2004