

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30th June, 2004.

CHANGE OF NAME

Pursuant to special resolutions passed at an extraordinary general meeting held on 4th December, 2003, the name of the Company was changed from Digital World Holdings Limited to Wonderful World Holdings Limited and the Chinese name of 榮豐控股有限公司 was adopted.

Pursuant to an ordinary resolution passed at a special general meeting held on 18th February, 2004, the Chinese name adopted was changed from 榮豐控股有限公司 to 榮德豐控股有限公司.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 29 to the financial statements.

RESULTS

The results of the Group for the year ended 30th June, 2004 are set out in the consolidated income statement on page 18.

The directors do not recommend the payment of any dividend for the year ended 30th June, 2004.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 21 to the financial statements.

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DIRECTORS

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

Executive Directors:

Mr. Yeung Wood Sang	
Ms. Ada Lam	<i>(appointed on 17th October, 2003)</i>
Mr. Liu Ka Lim	<i>(appointed on 17th October, 2003)</i>
Mr. Wong Wing Cheong	<i>(appointed on 6th January, 2004)</i>
Mr. Chan Tak Hung	<i>(resigned on 18th October, 2003)</i>
Mr. Lum Chor Wah, Richard	<i>(resigned on 20th November, 2003)</i>
Mr. Lai Tin Ying, Michael	<i>(resigned on 18th October, 2003)</i>

Independent Non-Executive Directors:

Ms. Hwang Sok In	<i>(appointed on 17th October, 2003)</i>
Mr. Lee Hong Chak, Heili	<i>(appointed on 17th October, 2003)</i>
Mr. Shum Kai Wing	<i>(appointed on 2nd August, 2004)</i>
Mr. Kong Chung Yau	<i>(resigned on 18th October, 2003)</i>
Mr. Yan King Hong, Richard	<i>(removed on 4th December, 2003)</i>

In accordance with Clauses 86(2) and 87(1) of the Company's Bye-Laws, Mr. Wong Wing Cheong and Mr. Shum Kai Wing will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

None of the directors being proposed for re-election at the forthcoming annual general meeting has any 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.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

At 30th June, 2004, the interests or short positions of each director and the chief executive in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

Ordinary shares of the Company

Directors	Nature of interest	Number of ordinary shares	Approximate percentage
Mr. Liu Ka Lim ("Mr. Liu") (<i>Note</i>)	Corporate	243,998,759	57.44%
Ms. Ada Lam ("Ms. Lam") (<i>Note</i>)	Corporate	243,998,759	57.44%
Mr. Yeung Wood Sang	Personal	7,670,889	1.81%

Note: The shares are held by Winning Concept, the share capital of which is beneficially owned as to 89% by Ms. Lam and as to 11% by Mr. Liu.

Saved as disclosed above, none of the directors and the chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the share option scheme of the Company in which the directors of the Company are entitled to participate, are set out in note 22 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 arrangements 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, and none of the directors or their spouses or children under the age of eighteen had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

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SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY

At 30th June, 2004, shareholders who had an interest or short position in the shares and underlying shares of the Company which have been disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Number of ordinary shares	Approximate percentage
Winning Concept (<i>Note</i>)	243,998,759	57.44%

Note: Winning Concept is beneficially owned as to 89% by Ms. Lam and as to 11% by Mr. Liu.

Save as disclosed herein, no other person was directly or indirectly beneficially interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company as at 30th June, 2004.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the heading "Connected transactions", no contract 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.

CONNECTED TRANSACTIONS

At 30th June, 2003, the Company had given a guarantee amounting to HK\$90,000 to a bank in respect of banking facilities granted by the bank to Digital Nunet Exchange Limited ("Digital Nunet") which was 55% owned by the Group. Also, the Company had given a corporate guarantee amounting to HK\$2,500,000 to a third party in respect of a loan granted to Digital Nunet. In addition, the Group had advanced approximately HK\$10,700,000 to Digital Nunet which was unsecured, repayable on demand and carried interest at 5% per annum. The guarantee given by the Group and advance made by the Group were the only financial assistance given by Digital Nunet's shareholders to Digital Nunet.

In addition, at 30th June, 2003, the Group had advanced approximately HK\$10,371,000 to Michael Lai Production Holdings Limited ("Michael Lai Production") which was 70% owned by the Group. The advance was unsecured, interest free and repayable on demand. The advance made to Michael Lai Production was the only financial assistance given by Michael Lai Production's shareholders to Michael Lai Production.

Digital Nunet and Michael Lai Production were disposed of by the Group in December 2003.

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MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers accounted for 38% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 26% of the Group's total sales. The aggregate purchases attributable to the Group's five largest suppliers accounted for 53% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 32% of the Group's total purchases.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's issued share capital) has any interest in the share capital of any of the five largest customers or suppliers of the Group.

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

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 30th June, 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

AUDITORS

Except for the period from 1st July, 2002 to 30th June, 2003, in which Messrs. Lam, Kwok, Kwan & Cheng C.P.A. Limited acted as auditors of the Company, 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.

On behalf of the Board

Liu Ka Lim
Chairman

Hong Kong, 18th October, 2004