

REPORT OF THE DIRECTORS

The directors of the Company (the “Directors”) have pleasure in submitting their report and the audited accounts of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2004.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the special general meeting of the Company held on 17 March 2005, the name of the Company was changed from “Medtech Group Company Limited” to “Golden Resorts Group Limited” with effect from 31 March 2005 and “黃金集團有限公司” was adopted as the Chinese name of the Company with effect from 15 April 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 14 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2004 are set out in the consolidated profit and loss account on page 20.

The Directors do not recommend the payment of a dividend.

SEGMENTAL INFORMATION

An analysis of the Group’s performance for the year ended 31 December 2004 is set out in note 5 to the accounts.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 27 to the accounts and in the consolidated statement of changes in equity on page 23 respectively.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 December 2004 are set out in note 27 to the accounts.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 13 to the accounts.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 14 to the accounts.

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and other borrowings of the Group are set out in notes 22 and 23 to the accounts respectively.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales attributable to the Group's major suppliers and customers are as follows:

	2004 %	2003 %
Purchases		
– the largest supplier	27	30
– five largest suppliers combined	50	60
Sales		
– the largest customer	45	44
– five largest customers combined	75	73

None of the Directors or any of their associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) or any shareholder (who, to the knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interests in the Group's five largest suppliers or customers during the year.

REPORT OF THE DIRECTORS

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years, as extracted from the audited accounts and reclassified as appropriate, is set out as below:

	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000 (note)
Turnover					
Continuing operation	141,655	90,022	103,380	75,186	100,600
Discontinued operation	–	–	9,445	37,946	–
	141,655	90,002	112,825	113,132	100,600
(Loss)/profit attributable to shareholders					
Continuing operation	(11,092)	(3,394)	(25,051)	(18,334)	28,464
Discontinued operation	–	–	(447)	(2,848)	–
	(11,092)	(3,394)	(25,498)	(21,182)	28,464
Total assets	796,354	63,338	54,521	90,426	70,210
Total liabilities	72,754	(49,615)	(52,673)	(66,188)	(42,246)
Net assets	723,600	13,723	1,848	24,238	27,964

Note: The figure is before any adjustments based on revised SSAP 12.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the share capital and share options of the Company during the year are set out in notes 25 and 26 to the accounts respectively.

CONVERTIBLE NOTES

Details of the convertible notes of the Company are set out in note 23 to the accounts.

SHARE OPTION SCHEMES

At the 2004 annual general meeting of the Company held on 7 June 2004, a new share option scheme (the “New Scheme”) of the Company was adopted by the shareholders of the Company to comply with the new requirements of Chapter 17 of the Listing Rules and the share option scheme of the Company being adopted on 4 July 1996 (the “Old Scheme”) was terminated. Share options have been granted to eligible participants under the New Scheme, details of which are set out in note 26 to the accounts.

Concerning the above share options granted during the year, the Directors consider that it is not appropriate to state the value of the share options granted, because in the absence of a readily market value of the share options of the Company, the Directors were unable to arrive at an assessment of the value of these share options.

PRE-EMPTIVE RIGHTS

There is no provision 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 pro-rata basis to existing shareholders.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares during the year.

DIRECTORS

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

Executive directors

Mr CHEUNG Yu Shum, Jenkin (<i>Chairman</i>)	(appointed on 13 April 2004)
Mrs CHU Yuet Wah (<i>Managing Director</i>)	(appointed on 6 April 2005)
Mr CHU Yuk Kuen	
Mr WONG Hin Shek, Hans	(appointed on 23 February 2005)
Mr CHEUNG Lik Chung	(resigned on 13 April 2004)
Mr WONG Kui Tak	(resigned on 23 February 2005)
Mr NG Tak Chak, Nelson	(resigned on 6 April 2005)

Non-executive Director

Mr LEE Wai Man	(appointed on 6 April 2005)
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Independent Non-executive Directors

Mr TAM Cheuk Ho	(resigned on 17 September 2004)
Mr SHUM Ka Hei	
Mr CHAN Chi Yuen	(appointed on 17 September 2004)
Mr WONG King Shiu, Daniel	(appointed on 17 September 2004)

REPORT OF THE DIRECTORS

DIRECTORS (Continued)

In accordance with the bye-law 86(2) of the Company's Bye-laws, Mrs CHU Yuet Wah, Messrs WONG Hin Shek, Hans, LEE Wai Man, CHAN Chi Yuen and WONG King Shiu, Daniel retire and, being eligible, offer themselves for re-election.

In accordance with the bye-law 87(1), Mr CHU Yuk Kuen will retire by rotation at the forthcoming annual general meeting.

The term of office for each of the non-executive Director and independent non-executive Directors is the period up to his retirement by rotation and re-election at annual general meeting of the Company in accordance with the Company's Bye-laws.

The Company has received from each of Messrs SHUM Ka Hei, CHAN Chi Yuen, WONG King Shiu, Daniel an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the independent non-executive Directors to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical details of Directors of the Group as at the date of this report are as follows:-

Executive Directors

Mr CHEUNG Yu Shum, Jenkin, aged 44, is an Executive Director and the Chairman of the Company. Mr Cheung is a qualified accountant with over 11 years of experience in the financial and corporate management. He joined the Group in April 2004.

Mrs CHU Yuet Wah, aged 46, is an Executive Director of the Company. Mrs Chu has been involved in gaming entertainment related services and has profound knowledge in the development of gaming entertainment industry in Macau. She is also the controlling shareholder of Kingston group of companies which are engaged in securities, investment banking, financing and financial services business in Hong Kong. Mrs Chu is the Honorary Secretary General of The Chamber of Hong Kong Listed Companies, Director of Po Leung Kuk for year 2005-2006, School Manager of Aplichau Kai Fong Primary School and Deputy Vice Chairman of the Aplichau Kai Fong Welfare Association. Mrs Chu holds a Bachelor of Science in Management degree from Golden Gate University, the U.S.A. She joined the Group in April 2005.

Mr CHU Yuk Kuen, aged 50, is an Executive Director of the Company. Mr Chu is also an executive director of Hua Yi Copper Holdings Limited, a company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He has over 18 years' experience in marketing and manufacturing business. Mr Chu joined the Group in June 1998.

BIOGRAPHICAL DETAILS OF DIRECTORS (Continued)

Executive Directors (Continued)

Mr WONG Hin Shek, Hans, aged 35, is an Executive Director of the Company. Mr Wong has over 10 years of experience in corporate finance transactions, including mergers and acquisitions, initial public offerings and equity syndication. Before joining the Group, he worked in a number of reputable investment banks and the Listing Division of The Stock Exchange of Hong Kong Limited. Mr Wong is a responsible officer under the Securities and Futures Ordinance for type 6 regulated activity (advising on corporate finance). He is also an Executive Director of Starbow Holdings Limited, a company whose shares are listed on the Stock Exchange. Mr Wong holds a Master of Science (Financial Management) degree from University of London in United Kingdom and a Bachelor of Commerce degree from University of Toronto in Canada. He joined the Group in February 2005.

Non-executive Director

Mr LEE Wai Man, aged 75, is a Non-executive directors of the Company. Mr Lee has been engaged in gaming business in Macau for over 15 years. He is the managing director and founder of Gold Club, which is a syndicate formed in 1990 carrying out principally gaming related services in Macau. Mr. Lee is the father of Mrs. Chu Yuet Wah. Mr Lee joined the Group in April 2005.

Independent Non-executive Directors

Mr SHUM Ka Hei, aged 40 is an Independent Non-executive Director of the Company. Mr Shum holds a Bachelor degree in Social Sciences. He was called to the bar of England and Wales in 1996 and is now a practicing barrister in Hong Kong. Mr Shum is also an independent non-executive director of Premium Land Limited, a company whose shares are listed on the Stock Exchange. He joined the Group in March 2003.

Mr CHAN Chi Yuen, aged 38, is an Independent Non-executive Director of the Company. Mr Chan holds a Bachelor degree in Business Administration and is a fellow of The Hong Kong Institute of Certified Public Accountants. Mr Chan is a certified public accountant and has worked in an international audit firm for 6 years. He has extensive experience in accounting, taxation, financial management, corporate finance and corporate governance. Mr Chan is currently the financial controller and company secretary of Hua Yi Copper Holdings Limited, and independent non-executive director of each of Starbow Holdings Limited and China Sciences Conservational Power Limited, companies whose shares are listed on the Stock Exchange. He joined the Group in September 2004.

Mr WONG King Shiu, Daniel, aged 45, is an Independent Non-executive Director of the Company. Mr Wong graduated from Haking Wong Technical Institute. He has over 12 years' investment experience. Mr Wong is also an executive director of Nippon Asia Investments Holdings Limited, a company whose shares are listed on the Stock Exchange. He joined the Group in September 2004.

REPORT OF THE DIRECTORS

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the Directors' emoluments and of the five highest paid individuals of the Group are set out in note 12 to the accounts respectively.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2004, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures ordinance (the "SFO"), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which 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:

Long positions in ordinary shares of the Company:

Name of Directors	Number of shares of the Company		No. of underlying shares of the Company	Total	Approximate percentage of shareholding
	Personal Interests	Corporate Interests			
Mr CHEUNG Yu Shum, Jenkin (Note 1)	-	2,856,300,000	-	2,856,300,000	29.98
Mrs CHU Yuet Wah (Note 2)	-	1,253,143,340	800,000,000	2,053,143,340	21.55
Mr LEE Wai Man (Note 3)	-	400,010,007	-	400,010,007	4.20
Mr WONG King Shiu, Daniel	28,333,333	-	-	28,333,333	0.30
Mr WONG Kui Tak (note 4)	4,000,000	-	-	4,000,000	0.04

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SECURITIES (Continued)

Notes:

- (1) The shares under "Corporate Interests" were held by Perfect View Development Limited ("Perfect View"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr CHEUNG Yu Shum, Jenkin. As at 31 December 2004, Perfect View held 4,456,300,000 shares, subsequent to the year end date, upon the completion of the acquisition of the Grandview Hotel, Perfect View bestowed (i) 1,200,000,000 shares to Sure Expert Limited, a wholly-owned company owned by Mrs CHU Yuet Wah ("Sure Expert"), and (ii) 4,000,000,000 shares to Choose Right Limited, a company wholly owned by Mr LEE Wai Man ("Choose Right").
- (2) Mrs CHU Yuet Wah was appointed as Managing Director on 6 April 2005. As at 31 December 2004, Mrs Chu held (i) 53,133,333 shares through Kingston Capital Limited and (ii) 10,007 shares of the Company through Kingston Securities Limited. Subsequent to the year end date, upon the completion of the acquisition of the Grandview Hotel, (i) Perfect View bestowed 1,200,000,000 shares to Sure Expert; and (ii) the Company has issued 800,000,000 warrants, conferring rights to subscribe up to HK\$200,000,000 in aggregate in cash for 800,000,000 new shares at an initial subscription price of HK\$0.25 per share, to Sure Expert.
- (3) Mr LEE Wai Man was appointed as Non-executive Director on 6 April 2005. As at 31 December 2004, Mr. Lee's spouse held 10,007 shares of the Company through Kingston Securities Limited. Subsequent to the year end date, upon the completion of the acquisition of the Grandview Hotel, Perfect View bestowed 400,000,000 shares to Choose Right.
- (4) Mr WONG Kui Tak resigned on 23 February 2005.

Save as disclosed above, as at the 31 December 2004, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section "DIRECTORS' INTERESTS IN SECURITIES" above, 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 any of their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2004, none of the Directors or their respective associates have any interests in a business which competes or may compete with the business of the Group directly or indirectly.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2004, the following persons or corporations other than a director or chief executive of the Company, who have interests or short positions in the shares and underlying shares of the Company was recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of shares	Approximate percentage of shareholding
Perfect View Developments Limited (Note 1)	Beneficial Owner	2,856,300,000	29.98
Mr CHEUNG Yu Shum, Jenkin (Note 1)	Interest of controlled corporation	2,856,300,000	29.98
Sure Expert Limited (Note 2)	Beneficial Owner	2,000,000,000	20.99
Mrs CHU Yuet Wah (Note 2)	Interest of controlled corporation	2,053,143,340	21.55
Stark Investments (Hong Kong) Limited	Investment Manager	594,000,000	6.24
Deutsche Bank Aktiengesellschaft	Investment Manager	614,500,000	6.45

Notes:

- (1) Mr CHEUNG Yu Shum, Jenkin, through Perfect View, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr CHEUNG, held 4,456,300,000 shares as at 31 December 2004, and subsequent to the year end date, upon the completion of the acquisition of the Grandview Hotel, Perfect View bestowed (i) 1,200,000,000 shares to Sure Expert; and (ii) 4,000,000,000 shares to Choose Right.
- (2) Mrs CHU Yuet Wah held 53,133,333 shares through Kingston Capital Limited and 10,007 shares through Kingston Securities Limited as at 31 December 2004. Both Kingston Capital Limited and Kingston Securities Limited are controlled by Mrs CHU. Subsequent to the year end date, upon the completion of the acquisition of the Grandview Hotel, (i) Perfect View bestowed 1,200,000,000 shares to Sure Expert; and (ii) the Company has issued 800,000,000 warrants, conferring rights to subscribe up to HK\$200,000,000 in aggregate in cash for 800,000,000 new shares at an initial subscription price of HK\$0.25 per share, to Sure Expert.

Save as disclosed above, as at 31 December 2004, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

REPORT OF THE DIRECTORS

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 30 to the accounts.

CONNECTED TRANSACTION

Details of the connected transactions entered into by the Company are set out in note 29 to the accounts.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive Directors.

MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 of the Main Board Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code during the year.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in the previous Appendix 14 of the Listing Rules (in force prior to 1 January 2005 and applicable to results announcement in respect of assembly periods commencing before 1 January 2005) throughout the accounting period covered by the annual report, except that the non-executive Director and independent non-executive Directors are not appointed for specific terms and are subject to re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws.

AUDITORS

Graham H Y Chan & Co. retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

CHEUNG Yu Shum, Jenkin
Chairman

Hong Kong, 27 April 2005