

STRENGTH THROUGH ADVERSITY

The fiscal year ended 30 June 2004 was the most difficult one in the history of NWTMT. The failure of PrediWave Corp and related companies (PrediWave) to deliver an interactive digital cable TV platform as per the agreed specifications led to litigation and a series of other issues. In the absence of updated financial information as well as the uncertainty of the timing and outcome of the litigation, the Board of Directors concluded that a provision for PrediWave and certain related assets was appropriate.

NWTMT has dealt with this adversity in a positive manner. The problems associated with one technology partner do not negate the underlying premise of the digital TV media business. Nor do these issues detract from our ability to deliver on what we feel is a winning business strategy for the media sector. Essentially, the digital media market is exploding and our desire to serve this business has never been stronger. With the demise of the PrediWave platform, we have intensified our joint venture relationship with China Aerospace International Holdings Limited in the satellite and cable digital TV arena. Today, we work closely with this powerful group to roll out a top ranked digital TV solution for China.

In the coming year we hope to find a solution to the PrediWave situation, but whatever happens we will not be distracted from our primary mission. NWTMT is the telecom, media and technology investment arm of New World Group, one of the largest conglomerates in Hong Kong and a leading China investor. NWTMT has the full backing of New World Group and the support of its core telecom businesses. Together we will ride out the PrediWave setback to strengthen what is a business with tremendous promise.

In conclusion, I would like to extend my sincere appreciation to the shareholders, strategic partners and employees of NWTMT. I know this is not an easy time, but your patience, loyalty and persistence will pay off in the years ahead as we unveil a turnaround plan that allows NWTMT to achieve its lofty ambitions in the TMT arena. For more information on our future direction, please take a look at the "*New World TMT Review*" publication that accompanies Annual Report 2004.

Dr Cheng Kar-Shun, Henry
Chairman