

Chairman's Statement

RESULTS

On behalf of the board of directors (the "Board") of China National Resources Development Holdings Ltd. (the "Company"), I present herein the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2005. The Group's audited loss attributable to shareholders for the year ended 30 April 2005 amounted to approximately HK\$46,298,000 while the turnover slightly increased to HK\$46,985,000 in 2005.

No interim dividend was paid during the year and the Board does not recommend the payment of a final dividend in respect of the year.

BUSINESS REVIEW

During the year under review, the turnover of the Group was mainly contributed from the short term investment in listed securities as it remained the primary operation of the Group. Notwithstanding the continuous improvement in the market sentiment, only several sectors, such as retail, property, entertainment and etc, were benefited with significant share price increase. The share prices of some of the investment securities of the Group's portfolio remained stagnant or falling. To support the new business development and for better utilization of financial resources, the Group has decided to reduce the size of the short term securities investment portfolio hence the Group suffered the gross loss of HK\$20,692,000 under the realization of securities investments during the period under review. The Group will take a prudent and conservative approach in managing the business operation of securities investment in the future.

Perceiving the promising business outlook of recycling business in China, the Group has formed a joint venture company with China Chengtong Holdings Company ("China Chengtong") in October 2004. China Chengtong is a state-owned pillar enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The joint venture company is principally engaged in recycling business in China. Since its inception, the joint venture company has successfully commenced operation by making investments in establishment of recycling parks, markets and natural resources processing plants in Yantai, Beijing and Guizhou. Following the advocacy of environmental protection policy in China, the Group has confidence on the business outlook of recycling business.

Apart from the recycling business, the Group has entered into two joint venture agreements for setting up two companies in China focusing on the Instant Result Type On-line Lottery and National Products and Services Coding System respectively. However, the Group is still studying the viability and feasibility of these two projects and business operation has not yet commenced.

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CHANGE OF COMPANY NAME

To reflect the change of business strategy and business emphasis on natural resources, the Company changed its name to China National Resources Development Holdings Limited pursuant to a special resolution passed at the special general meeting of the Company held on 18 October 2004.

PROSPECTS

Perceiving the promising business outlook of recycling materials and natural resources, the Group will persistently explore business opportunities in that field. Upon completion of the acquisition of controlling shareholding of the Company by China Times Development Ltd. ("China Times") in August 2005, the Group will be assisted by China Times in the financial and business aspect for formulating and implementation of new business strategy in pursuit of potential businesses generating reasonable return to our shareholders in the near future. The Board believes that the Group will turn to a new page following the change of controlling shareholder. The Board also has confident that the Group's business and financial performance will be improved to bring a reasonable return to our shareholders in the near future.

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APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our business partners and shareholders for their support. I would also like to extend my appreciation to our staffs for their dedication and hard work throughout the year.

Li Qiao Feng

Chairman

Hong Kong, 29 September 2005