

DIRECTORS' STATEMENT

On behalf of the Board of Directors (the "Board") of New Times Group Holdings Limited (the "Company"), I present herein the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2005.

Turnover of the Group for the year ended 31 March 2005 was about HK\$5 million (2004: HK\$23.6 million), a decrease of about 79% which is mainly due to the cessation of the manufacturing and trading business of the Group in the last financial year and in July 2004 respectively. A full year rental income of approximately HK\$4.1 million was recorded for the year as compared to the three-months operations with rental income of about HK\$1.6 million in last year. Income derived from the financial services business of approximately HK\$0.9 million (2004: HK\$1.2 million) was recorded for the year. The Group recorded a consolidated loss attributable to shareholders of about HK\$18.3 million (2004: HK\$37.3 million). The loss was mainly attributed to the provision for unrealised loss on short term listed investments which amounted to about HK\$4.4 million (2004: HK\$6.1 million), together with the loss on disposal of listed investments which amounted to about HK\$5.4 million (2004: HK\$20 million). Nevertheless, the Group was able to reduce the loss by approximately 51% as compared to last year and was mainly due to the decrease in loss on listed investments by about HK\$16.3 million, together with reduction in the administrative expenses of the Group of about HK\$14.8 million as a result of a more stringent control of the Group's overheads.

Loss per share for the year was HK4 cents (2004: HK9 cents) and the Board does not recommend any final dividends for this financial year (2004: Nil).

BUSINESS OVERVIEW

With a redefined corporate strategy as mentioned in the Company's last annual report, the Group has extended its business to the field of property investment through acquisitions in Mainland China. A rental income of approximately HK\$4.1 million (2004: HK\$1.6 million) was generated from the Group's property investment in certain commercial properties in Beijing, PRC for the year.

At the end of the last financial year, the Group entered into a conditional agreement for the acquisition of the entire issued share capital of a company holding 100% interests in certain industrial land situated at Shenzhen, PRC at a total consideration of HK\$55 million. The acquisition was completed in this financial year. Although constructions were in progress throughout this financial year, the management believes that this investment will generate reasonable financial returns in the coming years.

Since 2003, the management had been closely monitoring the performance of the trading business of the Group, and the performance of the trading operations had been disappointing for the year due to fierce competitions. As mentioned in the Company's last annual reports, the Group had failed to introduce strategic partners to rejuvenate the trading business. Accordingly, the management decided to cease the trading operations through abandonment so as to save further resources and focus on the Group's property investment and development business and other potential businesses in the coming future.

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For the year ended 31 March 2005, income derived from the financial services business continued to provide stable, although insignificant income flow for the Group. The Group's investment portfolio continued to downsize. As mentioned above, the Group intended to focus on the Group's property investment and development business, and the financial services activities as well as the investment activities will be further downsized in the coming future.

Finally, the legal proceedings brought against the Company by a substantial shareholder of the Company since March 2001 has come to an end in this financial year. Mutual consensus had been reached between that substantial shareholder and the Company by way of a binding consent order signed between themselves and approved by the Supreme Court of Bermuda on 8 July 2004. Accordingly, a notice of discontinuance was filed on 12 July 2004 and as a result, all proceedings against the Company was terminated, and a write-back of provision of legal and professional costs of HK\$13 million and HK\$409,000 were recorded in the last and current financial year respectively.

REVIEW OF BUSINESS OPERATIONS

Discontinued Operations

Trading

The Group's trading business had been disappointing under extensive competitions from other market participants; turnover decreased by approximately 91% to approximately HK\$50,000 as compared to the corresponding period of HK\$0.5 million. Loss from trading operations was about HK\$0.5 million for the year (2004: loss of HK\$11.6 million). As mentioned in the Company's last annual reports, the Group had failed to introduce strategic partners to rejuvenate the trading business. Accordingly, in a Board meeting in July 2004, the management decided to cease the trading operations so as to save further resources and focus on the Group's property investment and development business and other potential businesses in the coming future.

Continuing Operations

Property Investments and Development

Gross rental income in certain commercial properties in Beijing, PRC for the year amounted to about HK\$4.1 million (2004: HK\$1.6 million), representing a growth of approximately 160% from last financial year. Profit from operations increased from HK\$1.4 million to HK\$2.1 million for this year, representing an increase of approximately 50%. The increase was mainly due to the inclusion of a full year results for the current year as compared to the three-months' results since the acquisition of the property investment business by the end of December 2003. With the improvement in the macroeconomic outlook of Mainland China, the urbanization program implemented by the Beijing municipal government and continually maturing market policies, the management sees the Beijing property market would grow steadily in the coming future. When opportunities arise and at reasonable terms, the management may dispose part of the properties so as to capitalize the appreciation of the value of the properties and release capital for further investments to strengthen the earning stream.

In order to enrich the earning base and firmly establish its footing in the Mainland China, the Group continues to expand its PRC portfolio. On 29 March 2004, the Group entered into a conditional agreement for the acquisition of the entire issued share capital of Smart Wave Limited ("Smart Wave") and the benefit of a shareholder's loan due from Smart Wave to the vendor at considerations of approximately HK\$21.3 million and HK\$33.7 million, respectively. Smart Wave

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was incorporated in the British Virgin Islands and is an investment holding company whose principal asset was an indirect equity interest in certain industrial land situated at Shenzhen, PRC. The acquisition was completed on 9 July 2004. The management believes that with the increasing demand for quality industrial complex, and the acquisition would enable the Group to tap this opportunity once the development for the land was completed in the coming financial year as scheduled. The management is confident that the investment will generate reasonable financial returns in the coming years.

Investments and Financial Services

A loss on disposal of short term listed investments of approximately HK\$5.4 million (2004: HK\$20 million) was recorded for the year. During the year, provision for unrealized loss on short term listed investments of approximately HK\$4.4 million (2004: HK\$6.1 million) was recorded. The Hong Kong economy continued to improve during the year, together with the recovered investment environment, the management believes the capital market will improve in the coming future. Interest income derived from the financial services operations of approximately HK\$0.9 million was recorded for the year (2004: HK\$1.2 million). Although the management believes that the financial services operations can continually providing steady flow of interest income to the Group, the financial services activities as well as the investment activities will be further downsized in the coming future as the Group intended to focus on the Group's property investment and development business in the coming years.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position

The financial position of the Group remains healthy for the year. As at 31 March 2005, the Group maintained a cash level of about HK\$2.6 million, with a current ratio of about 1 (total current assets to total current liabilities) (2004: 5.7). The decrease in the current ratio as compared to that as at 31 March 2004 was mainly due to the utilization of most of the Group's cash resources in the acquisitions of the Group's property investments during the year.

Except for the hire purchase of certain fixed assets of the Group, the Group had no bank borrowings and not pledged any of the Group's assets as at the year end date.

Contingent Liability

The Group did not have any material contingent liabilities as at 31 March 2005 (2004: Nil).

Capital Investments and Commitments

During the financial year, except for the capital expenditures in relation to the acquisition of certain industrial land in Shenzhen, PRC, the Group did not incur any material capital investment or expenditure. As at year end date, the Group had capital commitment in respect of the construction cost in relation to certain industrial land in Shenzhen, PRC amounted to HK\$62.5 million.

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Pursuant to a contractual arrangement with the constructor of the land, the constructor will recover the construction cost out of the net proceeds from the sale or rental generated from the properties constructed on the land in the 18-month period from completion of the construction of the properties on the land. In the event that the net proceeds from the sale or rental generated over the aforesaid period is insufficient to repay the constructor the full amount of the construction cost, the shortfall would be satisfied by the transfer of certain properties on the land with an equivalent market value (calculated on the basis of the then prevailing market price of those properties) to the constructor in full and final settlement of any liability of the Group towards the constructor in relation to the construction cost.

Foreign exchange and interest rate exposure

The Group mainly earned revenue and incurred cost in Renminbi and Hong Kong Dollar. The directors consider the impact of foreign exchange of the Group is minimal. Although the management believes the impact will be minimal, the management will closely monitor the fluctuation in this currency and take appropriate actions when condition arises.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 31 March 2005, the Group's operations engaged a total of about 20 staffs. The remuneration policy of the Group's employees are reviewed and approved by the executive directors based on individual experience and qualifications as well as the job responsibilities and market conditions at the relevant time. Discretionary bonus is linked to the profit performance of the Group as well as individual performance. During the year, no share options were granted to any director or employee of the group. Benefits include staff accommodation, medical schemes and Mandatory Provident Fund Scheme for Hong Kong employees, and state-sponsored retirement plans for employees in PRC.

PROSPECTS

Gradual shift of its corporate strategy from the manufacturing business and the corporate finance and investment advisory business to property investment business allows the Group to focus its resources on property investment in Mainland China in an attempt to broaden its earning base and catch new opportunities in the long run. By adopting a prudent approach in its new business development and financial strategy, the Group hopes to take advantage of new business opportunities with strong market momentum and potential. It is believed that the new business strategy will bring to the shareholders greater value created from the new business in the long run. The management of the Group will continue to search for any potential investment opportunities that can benefit the Group in the long term.

ACKNOWLEDGEMENTS

On behalf of the directors, I would like to express my heartfelt thanks to our shareholders for their continued support and to our staff for their hard work. We will carry on dedicating our efforts towards the Group's long term development.

Lam Kwan Sing

Executive Director

Hong Kong
28 October 2005