

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in New Times Group Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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NEW TIMES GROUP HOLDINGS LIMITED

新時代集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 166)

PROPOSED REFRESHMENT OF THE 10% GENERAL LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME AND PROPOSED CANCELLATION OF OPTIONS AND PROPOSED AMENDMENTS TO THE BYE-LAWS

A notice convening a special general meeting of the Company to be held at 9:00 a.m. on Monday, 28 June 2004 at Room 103, Shui On Centre, 8 Harbour Road, Wanchai, Hong Kong is set out in this circular. A form of proxy is also enclosed. Whether or not you are able to attend and vote at the special general meeting, you are requested to complete the enclosed proxy form and return it to the office of the branch share registrar of the Company in Hong Kong, Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the special general meeting or any adjourned meeting should you so wish.

* For identification purpose only

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RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the Bye-laws of the Company
“Company”	New Times Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 166)
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Directors”	directors of the Company
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	1 June 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Optionholders”	holders of the Options, being five consultants who used to provide services to the Company
“Options”	14,443,400 outstanding options granted (but not exercised) to the Optionholders under the Share Option Scheme, representing all the options granted that are exercisable as at the Latest Practicable Date, under the Share Option Scheme
“Ordinary and Special Resolutions”	the ordinary resolutions and the special resolution to be proposed and, if thought fit, passed at the Special General Meeting as set out in the SGM Notice

DEFINITIONS

“Refreshment”	the proposed refreshment of the 10% general limit on grant of options under the Share Option Scheme
“SGM Notice”	the notice of the Special General Meeting as set out in this circular
“Share Option Scheme”	the share option scheme adopted by the Company on 30 August 2002
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Special General Meeting”	the special general meeting of the Company to be held at Room 103, Shui On Centre, 8 Harbour Road, Wanchai, Hong Kong on Monday, 28 June 2004 at 9:00 a.m., to consider and, if thought fit, to pass the Ordinary and Special Resolutions or any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary for the time being of the Company (within the meaning of Section 2 of the Companies Ordinance, whether incorporated in Hong Kong or elsewhere)
“%”	per cent.

LETTER FROM THE BOARD

NEW TIMES GROUP HOLDINGS LIMITED
新時代集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 166)

Executive Directors:

Ms. Zhou Wei (*Chairperson*)

Mr. Liu Ji Cheng (*Deputy Chairman*)

Mr. Lam Kwan Sing

Non-executive Director:

Ms. Huang Ning

Independent Non-executive Directors:

Mr. Lau Man Tak

Mr. Lo Kwok Hung, John

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal place of business
in Hong Kong:*

Unit 2003-06

Shui On Centre

6-8 Harbour Road

Wanchai

Hong Kong

3 June 2004

*To the Shareholders and, for information only,
holders of the share options of the Company*

Dear Sir or Madam,

**PROPOSED REFRESHMENT OF THE 10% GENERAL LIMIT ON
GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME
AND
PROPOSED CANCELLATION OF OPTIONS
AND
PROPOSED AMENDMENTS TO THE BYE-LAWS**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the Ordinary and Special Resolutions to be proposed at the Special General Meeting for (a) the Refreshment; (b) the cancellation of the Options; and (c) the amendments to the Bye-laws.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED REFRESHMENT OF THE 10% GENERAL LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

Proposal

The Company adopted the Share Option Scheme on 30 August 2002. As at the date on which the Share Option Scheme was adopted, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme was 28,886,800 Shares, being 10% of the Shares in issue on such date.

As at the Latest Practicable Date, out of the total of 28,886,800 options granted under the Share Option Scheme (including exercised, outstanding, cancelled or lapsed), no options have been exercised, 14,443,400 options were outstanding, and 14,443,400 options have lapsed. None of the options were cancelled. The Shares to be issued upon the exercise of all the said 14,443,400 outstanding options will be an aggregate of 3.33% of the issued share capital of the Company as at the Latest Practicable Date. The said 14,443,400 outstanding options were granted to the Optionholders, each of them holds 2,888,680 outstanding options.

Unless the 10% general limit on grant of options under the Share Option Scheme is “refreshed”, only up to 14,443,400 Shares may be issued pursuant to the grant of further options under the Share Option Scheme.

The Refreshment will enable the Company to grant further options to eligible participants, including but not limited to employees and non-executive directors of the Group, any suppliers or consultants who will provide services to the Group as incentives or rewards for their contribution to the Group.

It is therefore proposed that subject to (a) the approval of the Shareholders at the Special General Meeting; and (b) such other requirements prescribed under the Listing Rules, the general limit on grant of options under the Share Option Scheme will be refreshed to 10% of the Shares in issue as at the date of the approval by the Shareholders at the Special General Meeting and options previously granted under the Share Option Scheme (including those exercised, outstanding, cancelled or lapsed) will not be counted for the purpose of calculating the limit as refreshed.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time will not exceed 30% of the Shares in issue from time to time. No options shall be granted under any share option scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded. The Shares which may fall to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme represent approximately 3.33% of the total number of Shares in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 433,302,000 Shares in issue. Assuming that no further Shares will be issued prior to the date of approval of the refreshed general limit by the Shareholders, the maximum number of options that can be granted by the Company under the refreshed limit would be 43,330,200 Shares.

Conditions

As required by the Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the Special General Meeting to approve the Refreshment such that the total number of Shares which may be issued upon exercise of all options to be granted under the “refreshed” general limit will be increased subject to 10% of the total number of Shares in issue as at the date of approval of the Refreshment.

The Refreshment is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the Refreshment at the Special General Meeting; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options to be granted under the “refreshed” general limit of the Share Option Scheme.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the Refreshment.

PROPOSED CANCELLATION OF OPTIONS

On 3 May 2004, the Optionholders tendered requests to the Company for the cancellation of the Options granted to them but not exercised under the Share Option Scheme respectively as they were not holding any Shares in the Company and had no intention to exercise the Options. No consideration will be payable by the Company for the cancellation of the Options.

The Board has resolved that such requests for cancellation of the Options be put forward to the Shareholders in general meeting for approval with the Optionholders and their associates abstaining from voting according to the Share Option Scheme. As at the Latest Practicable Date, based on the Company’s records and the knowledge of the Directors, the Optionholders and their associates did not hold any Shares in the Company.

The Board considers that the proposed cancellation of the Options is in the interest of the Company as no consideration will be payable by the Company for such cancellation and, if the Options are cancelled, the Company will no longer be obliged to issue those Shares subject to the Options and the proportionate interests in the Company held by the Shareholders will not be diluted as a result.

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As required by the Share Option Scheme, any vote taken at the general meeting to approve cancellation of options granted but not exercised must be taken by poll.

An ordinary resolution to approve the cancellation of Options will be proposed at the Special General Meeting.

PROPOSED AMENDMENTS TO THE BYE-LAWS

The Stock Exchange has revised the Listing Rules concerning various corporate governance issues. The revised Listing Rules became effective on 31 March 2004. The Board considers that changes to the Bye-laws should be made in line with the changes required under the revised Listing Rules. As such, a special resolution to approve the amendments to the Bye-laws will be proposed at the Special General Meeting.

A summary of the proposed amendments to the Bye-laws is set out in the Appendix to this circular and the full details of which are set out in the SGM Notice.

SPECIAL GENERAL MEETING

A notice convening the Special General Meeting of the Company to be held at Room 103, Shui On Centre, 8 Harbour Road, Wanchai, Hong Kong on 28 June 2004, Monday at 9:00 a.m. is set out on pages 9 to 13 of this circular.

A form of proxy for use by the Shareholders at the Special General Meeting is enclosed with this circular. Whether or not you intend to attend and vote at the Special General Meeting in person, you are requested to complete the form of proxy and return it to the office of the branch share registrar of the Company in Hong Kong, Tengis Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Special General Meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the Special General Meeting or any adjourned meeting should you so wish.

Pursuant to Bye-law 66, a poll may be demanded in relation to a resolution put to the vote of the Special General Meeting before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

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- (d) by any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

DOCUMENT AVAILABLE FOR INSPECTION

Copy of the Bye-laws is available for inspection at the principal place of business of the Company at Unit 2003-06, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong during normal business hours for a 14-day period immediately preceding the Special General Meeting.

RECOMMENDATION

Having considered the reasons set out herein, the Directors consider that the Ordinary and Special Resolutions to be proposed at the Special General Meeting for (a) the Refreshment; (b) the cancellation of the Options; and (c) the amendments to the Bye-laws are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the Ordinary and Special Resolutions.

Yours faithfully,
By order of the Board of
New Times Group Holdings Limited
Zhou Wei
Chairperson

This appendix summarises the proposed amendments to the Bye-laws to incorporate changes that are required under the revised Listing Rules which became effective on 31 March 2004.

(a) Bye-law 1 – Interpretation

New definition of “associates” will be added to bring the Bye-laws up to date with the Listing Rules.

The existing definition of “clearing house” will be amended to bring the Bye-laws up to date with the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

(b) Bye-law 76 – Voting restrictions under the Listing Rules

Bye-law 76(2) will be added pursuant to the Listing Rules so that where any Shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such restriction shall not be counted.

(c) Bye-law 88 – Appointment of Directors

Bye-law 88 will be amended to specify the lodgment period of the nomination of Directors by a Shareholder, which will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

(d) Bye-law 103 – Director’s interests

Bye-law 103 will be amended to provide that the Director(s) shall not vote for transactions in which he/she/they or his/her/their associate(s) has/have a material interest. The new definition of “associate” under the Listing Rules will also be adopted. Bye-law 103 will also be amended to provide that a Director’s vote shall not be counted in the quorum present at a meeting at which any contract or arrangement in which he/she or his/her associate(s) is materially interested is considered and to provide resolutions when questions relating to material interest of a Director or his/her associate(s) arise.

NOTICE OF SPECIAL GENERAL MEETING

NEW TIMES GROUP HOLDINGS LIMITED 新時代集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 166)

NOTICE IS HEREBY GIVEN that a special general meeting of New Times Group Holdings Limited (the “Company”) will be held at Room 103, Shui On Centre, 8 Harbour Road, Wanchai, Hong Kong on Monday, 28 June 2004 at 9:00 a.m., for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions:

as Ordinary Resolutions of the Company:–

1. **“THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval of the listing of, and permission to deal in, the shares of HK\$0.10 each (**“Shares”**) in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the New Scheme Limit (as defined below), the refreshment of the scheme limit of the Company’s share option scheme adopted on 30 August 2002, up to 10 per cent. of the number of Shares in issue as at the date of passing this resolution (**“New Scheme Limit”**) be and is hereby approved and any director of the Company be and is hereby authorised to do such act and execute such document to effect the New Scheme Limit.”
2. **“THAT** cancellation of 14,443,400 options which have been granted but not exercised, representing all the options granted that are exercisable as at the date of passing this resolution, under the Company’s share option scheme adopted on 30 August 2002, be and is hereby approved and any director of the Company be and is hereby authorised to do such act and execute such document to effect such cancellation.”

as a Special Resolution of the Company:–

3. **“THAT** the existing Bye-laws of the Company be and are hereby amended as follows:
 - (a) by adding the following definition of “associate” in Bye-law 1 immediately after the existing definition of “Act”:

““associate”

In relation to any Director, shall have the meaning attributed to it in the rules of the Designated Stock Exchange as may be amended from time to time;”

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

- (b) by deleting the existing definition of “clearing house” in Bye-law 1 and substituting therefor the following new definition:

““clearing house” a recognized clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and any amendments thereto or re-enactments thereof for the time being in force or a clearing house or authorised shares depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.”

- (c) by re-numbering existing Bye-law 76 as Bye-law 76(1);

- (d) by adding the following Bye-law 76(2) immediately after Bye-law 76(1):

“76. (2) Where any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

- (e) by deleting the existing Bye-law 88 in its entirety and replacing it with the following:

“88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Office or at the head office provided that the minimum length of the period, during which both of such Notices are given, shall be at least seven (7) days and that the period for lodgment of both of such Notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

NOTICE OF SPECIAL GENERAL MEETING

- (f) by deleting the existing Bye-law 103 in its entirety and replacing it with the following:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of them or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which such Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which such Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any proposal concerning any other company in which such Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which such Director or his associate(s) is/are beneficially interested in shares of that company, other than a company in which such Director together with any of his associates are in

NOTICE OF SPECIAL GENERAL MEETING

aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of his associates is derived);

- (vi) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or
 - (vii) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which such Director or his associate(s) may benefit.
- (2) A company shall be deemed to be a company in which a Director owns five (5) per cent. or more if and so long as (but only if and so long as) he and his associates (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's or his associate's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director together with his associates holds five (5) per cent. or more is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.

NOTICE OF SPECIAL GENERAL MEETING

- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board."

By order of the Board of
New Times Group Holdings Limited
Zhou Wei
Chairperson

Hong Kong, 3 June 2004

Notes:-

1. A shareholder entitled to attend and vote at the above meeting may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any Share, any one such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the branch share registrar of the Company in Hong Kong, Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.