

# REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of New Times Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2005.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 16 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

In July 2004, the Group discontinued its precision components processing equipment trading business, further details of which are included in note 10 to the financial statements.

## RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 15 to 56.

The directors do not recommend the payment of any dividend in respect of the year.

## SUMMARY FINANCIAL INFORMATION

Set out below is a summary of the results and a statement of net assets of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate.

## RESULTS

	Year ended 31 March				
	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
TURNOVER	<u>5,024</u>	<u>23,643</u>	<u>36,417</u>	<u>36,102</u>	<u>48,478</u>
PROFIT/(LOSS) BEFORE TAX	<u>(17,812)</u>	<u>(36,902)</u>	<u>(76,692)</u>	<u>(39,826)</u>	<u>12,793</u>
Tax	<u>(458)</u>	<u>(435)</u>	<u>612</u>	<u>(140)</u>	<u>(1,988)</u>
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	<u>(18,270)</u>	<u>(37,337)</u>	<u>(76,080)</u>	<u>(39,966)</u>	<u>10,805</u>
Minority interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>82</u>	<u>-</u>
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>(18,270)</u>	<u>(37,337)</u>	<u>(76,080)</u>	<u>(39,884)</u>	<u>10,805</u>

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## ASSETS AND LIABILITIES

	At 31 March				
	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
TOTAL ASSETS	<u>157,798</u>	<u>168,417</u>	<u>186,123</u>	<u>266,960</u>	<u>289,137</u>
TOTAL LIABILITIES	<u>(21,954)</u>	<u>(14,303)</u>	<u>(40,952)</u>	<u>(46,612)</u>	<u>(23,649)</u>
NET ASSETS	<u>135,844</u>	<u>154,114</u>	<u>145,171</u>	<u>220,348</u>	<u>265,488</u>

## FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 13 to the financial statements.

## SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefore, are set out in notes 24 and 25 to the financial statements, respectively.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

## RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements and in the consolidated statement of changes in equity, respectively.

## DISTRIBUTABLE RESERVES

At 31 March 2005, the Company's reserves of approximately HK\$15,296,000 (subject to the provisions under the Companies Act of Bermuda) were available for distribution to its shareholders. In addition, the Company's share premium account of HK\$94,471,000 as at 31 March 2005, may be distributed in the form of fully paid bonus shares.

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## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2005, the five largest customers of the Group accounted for approximately 75% (2004: 19%) of the Group's turnover for the year, while five largest suppliers accounted for nil (2004: 18%). In addition, the largest customer of the Group accounted for approximately 30% (2004: 6%) of the Group's turnover for the year, while the largest supplier accounted for nil (2004: 6%) of the Group's purchase.

None of the directors of the Company, their associates or shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or five largest suppliers.

## DIRECTORS

The directors of the Company during the year and up to the date of this report were:

### Executive directors

Mr. Liu Jicheng (*Deputy Chairman*)

Mr. Lam Kwan Sing

Ms. Zhou Wei (*Chairman*)

(appointed on 4 May 2004 and  
resigned on 14 February 2005)

Mr. Cheong Tin Yau

(resigned on 4 May 2004)

### Non-executive director

Ms. Huang Ning

### Independent non-executive directors

Mr. Law Fei Shing

(appointed on 6 September 2005)

Ms. Kwai Laam

(appointed on 7 September 2004)

Mr. Qi Jin Feng

(appointed on 7 September 2004)

Mr. Lo Kwok Hung, John

(resigned on 6 September 2004)

Mr. Lau Man Tak

(resigned on 18 July 2005)

In accordance with the Company's bye-law no. 86(2) and no. 87(1), Mr. Law Fei Shing, Ms. Kwai Laam, Mr. Qi Jin Feng and Mr. Liu JiCheng shall retire by rotation from office and, being eligible, offer themselves for re-election.

## BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the directors of the Company of the Group are set out on page 7 of the annual report.

## DIRECTORS' SERVICE CONTRACTS

No director 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.

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## DIRECTORS' INTERESTS IN CONTRACTS

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2005, the interests and short positions of the directors and or their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

### Long position in ordinary shares of the Company:

Name of director	Nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Ms Huang Ning	Corporate	141,712,500	32.71

*Note:* The interests in these Shares are held by Victory Rider Limited, the entire issued share capital of which is wholly and beneficially owned by Ms. Huang Ning. Accordingly, Ms. Huang Ning is deemed to be interested in all the Shares in which Victory Rider Limited is interested by virtue of the SFO.

Save as disclosed above, as at 31 March 2005, none of the directors had registered an 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, as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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 director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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## DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 31 March 2005, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any directors or chief executive of the Company, the following persons had, or were deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

### Long positions:

Name of shareholder	Notes	Nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Victory Rider Limited	(i)	Corporate	141,712,500	32.71
Huang Ning	(i)	Corporate	141,712,500	32.71
Kistefos Investment A.S.	(ii)	Corporate	62,400,000	14.40

### Notes:

- (i) As at 31 March 2005, Ms. Huang Ning was the beneficial owner of Victory Rider Limited. Details of the interest of Ms. Huang Ning in the shares of the Company are set out in the section "Directors' interests in shares" of this report.
- (ii) So far as is known to the Directors, Kistefos Investment A.S. is wholly-owned by A.S. Kistefos Traesliberi, in which Mr. Christen Sveaas has an 85% beneficial interest.

Save as disclosed above, the directors are not aware of any person had or were deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## CORPORATE GOVERNANCE

The audited financial statements of the Company for the year ended 31 March 2005 had been reviewed by the Audit Committee before they were duly approved by the Board of Directors under the recommendation of the Audit Committee.

In the opinion of the directors, the Company has complied throughout the year ended 31 March 2005 with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange which was in force prior to 1 January 2005 save that the non-executive directors of the Company are not appointed for a specific term. Nevertheless, they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws. The Code was replaced by the Code on Corporate Governance Practices (the "New Code") which has become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions are being taken by the Company for complying with the New Code.

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## **CORPORATE GOVERNANCE** *(Continued)*

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Model Code. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive directors are independent.

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31 March 2005.

## **AUDIT COMMITTEE**

The Company's audit committee comprises three independent non-executive directors of the Company, namely Ms. Kwai Laam, Mr. Qi Jin Feng and Mr. Law Fei Shing. The audit committee has been delegated the authority from the board to review the financial reporting and internal control procedures of the Company.

## **AUDITORS**

The financial statements for the years ended 31 March 2003 and 2004 were audited by Ernst & Young. Ernst & Young resigned as auditors of the Company with effect from 22 March 2005. CCIF CPA Limited was appointed as auditors of the Company on 28 July 2005. A resolution for the re-appointment of CCIF CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**Lam Kwan Sing**

*Executive Director*

Hong Kong  
28 October 2005