

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 2006.

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 17 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2006 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 21 to 78.

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

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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 | | | | |
|--|---------------------|--------------------------------|--------------------------------|------------------|------------------|
| | 2006 HK\$'000 | 2005 HK\$'000 (Restated) | 2004 HK\$'000 (Restated) | 2003 HK\$'000 | 2002 HK\$'000 |
| TURNOVER | <u>5,400</u> | <u>5,024</u> | <u>23,643</u> | <u>36,417</u> | <u>36,102</u> |
| LOSS BEFORE TAX | <u>(2,438)</u> | <u>(17,451)</u> | <u>(37,158)</u> | <u>(76,692)</u> | <u>(39,826)</u> |
| Tax | <u>(454)</u> | <u>(458)</u> | <u>(435)</u> | <u>612</u> | <u>(140)</u> |
| LOSS BEFORE MINORITY INTERESTS | <u>(2,892)</u> | <u>(17,909)</u> | <u>(37,593)</u> | <u>(76,080)</u> | <u>(39,966)</u> |
| Minority interests | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>82</u> |
| NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS | <u>(2,892)</u> | <u>(17,909)</u> | <u>(37,593)</u> | <u>(76,080)</u> | <u>(39,884)</u> |

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ASSETS AND LIABILITIES

| | 2006 | | At 31 March | | |
|-------------------|-----------------|-------------------|--------------------|----------|----------|
| | HK\$'000 | 2005 | 2004 | 2003 | 2002 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | <i>(Restated)</i> | <i>(Restated)</i> | | |
| TOTAL ASSETS | 184,420 | 157,904 | 168,161 | 186,123 | 266,960 |
| TOTAL LIABILITIES | (50,995) | (21,955) | (14,303) | (40,952) | (46,612) |
| NET ASSETS | 133,425 | 135,949 | 153,858 | 145,171 | 220,348 |

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 14 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 25 and 26 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 27 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2006, the Company's reserves of approximately HK\$15,148,000 (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 2006, 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 2006, the five largest customers of the Group accounted for approximately 84% (2005: 75%) of the Group's turnover for the year while the five largest suppliers accounted for nil (2005: nil) of the Group's purchases. In addition, the largest customer of the Group accounted for approximately 28% (2005: 30%) of the Group's turnover for the year while the largest supplier accounted for nil (2005: nil) of the Group's purchases.

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. Chan Chi Yuen (<i>Chairman</i>) | (appointed on 10 May 2006) |
| Mr. Lam Kwan Sing | |
| Mr. Liu JiCheng | (resigned on 10 May 2006) |

Non-executive director

| | |
|----------------|---------------------------|
| Ms. Huang Ning | (resigned on 10 May 2006) |
|----------------|---------------------------|

Independent non-executive directors

| | |
|-----------------------|---------------------------------|
| Mr. Law Fei Shing | (appointed on 6 September 2005) |
| Mr. Tse On Po Vincent | (appointed on 5 December 2005) |
| Ms. Ho Pui Man | (appointed on 5 December 2005) |
| Ms. Kwai Laam | (resigned on 5 December 2005) |
| Mr. Qi Jin Feng | (resigned on 5 December 2005) |
| Mr. Lau Man Tak | (resigned on 18 July 2005) |

In accordance with the Company's bye-law no. 86(2), Mr. Chan Chi Yuen, Mr. Tse on Po Vincent and Ms. Ho Pui Man shall retire by rotation from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The independent non-executive directors have not been appointed for a specific term, but are subject to retirement by rotation pursuant to the Company's bye-laws.

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BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the directors of the Company of the Group are set out on page 13 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.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group. In addition, the directors' remuneration is reviewed by the Remuneration Committee annually.

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 2006, 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 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.

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DIRECTORS' INTERESTS IN CONTRACTS *(Continued)*

Save as disclosed above, as at 31 March 2006, 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 for the Securities Transactions by Directors of Listed Companies.

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.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 31 March 2006, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any directors of 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 2006, 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' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" 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.

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DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO *(Continued)*

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.

On 27 April 2006, Ms. Huang Ning had sold her entire holding of 119,712,500 shares in the Company through her wholly owned company, Victory Rider Limited to Dragon Union Investments Limited, a company which is beneficially owned by Mr. Chan Chi Yuen. After the sale, Victory Rider Limited ceased to be a substantial shareholder of the Company and Dragon Union Investments Limited became the single largest shareholder of the Company, holding 119,712,500 shares in the Company, representing 25.82% of issued share capital of the Company as at the date of this report.

In April/May 2006, the Company received conversion notices from Mr. So Chi Ming in respect of the convertible notes in an aggregate principal amount of HK\$5,000,000, pursuant to which Mr. So Chi Ming exercised the conversion rights in full attaching to the convertible notes at the conversion price of HK\$0.165 per share, resulting in the issue of 30,303,030 new shares of the Company to Mr. So Chi Ming, representing 6.54% of the issued share capital of the Company as at the date of this report.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in Note 31 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2006.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the audited financial statements of the Group for the year ended 31 March 2006. The Audit Committee comprises three independent non-executive directors of the Company. During the year, two regular meetings of the Audit Committee have been held.

AUDITORS

The financial statements for the year ended 31 March 2004 was 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. The financial statements for the years ended 31 March 2005 and 2006 were audited by CCIF CPA Limited. 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

Chan Chi Yuen
Chairman

Hong Kong
26 July 2006