

# 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 nine months ended 31 December 2006.

## **CHANGE OF FINANCIAL YEAR END DATE**

During the period, the Company changed its financial year end date from 31 March to 31 December because the directors determined to bring the balance sheet date in line with that of the subsidiaries established in the People's Republic of China, other than Hong Kong. The financial statements presented therefore cover the period of nine months from 1 April 2006 to 31 December 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 4 to the financial statements. During the period under review, the Group diversified its business from property investment and development business and commenced zinc ore concentrate and zinc ingots trading business in October 2006.

## **RESULTS AND DIVIDENDS**

The Group's loss for the nine months ended 31 December 2006 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 26 to 80.

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

## **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.

# REPORT OF THE DIRECTORS (Continued)

## RESULTS

	<b>Nine-month ended 31 December 2006 HK\$'000</b>	<b>Year ended 31 March</b>			
	2006 HK\$'000	2006 HK\$'000	2005 HK\$'000 <i>(Re-stated)</i>	2004 HK\$'000 <i>(Re-stated)</i>	2003 HK\$'000
TURNOVER	<b><u>90,181</u></b>	<u>5,400</u>	<u>5,024</u>	<u>23,643</u>	<u>36,417</u>
LOSS BEFORE TAX	<b><u>(24,855)</u></b>	<u>(2,438)</u>	<u>(17,451)</u>	<u>(37,158)</u>	<u>(76,692)</u>
Tax	<b><u>(1,262)</u></b>	<u>(454)</u>	<u>(458)</u>	<u>(435)</u>	<u>612</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<b><u>(26,117)</u></b>	<u>(2,892)</u>	<u>(17,909)</u>	<u>(37,593)</u>	<u>(76,080)</u>

## ASSETS AND LIABILITIES

	<b>At 31 December 2006 HK\$'000</b>	<b>At 31 March</b>			
	2006 HK\$'000	2006 HK\$'000	2005 HK\$'000 <i>(Re-stated)</i>	2004 HK\$'000 <i>(Re-stated)</i>	2003 HK\$'000
Non-current assets	<b><u>87,502</u></b>	<u>130,320</u>	<u>136,505</u>	<u>95,813</u>	<u>30,246</u>
Current assets	<b><u>133,185</u></b>	<u>54,100</u>	<u>21,399</u>	<u>72,348</u>	<u>155,877</u>
TOTAL ASSETS	<b><u>220,687</u></b>	<u>184,420</u>	<u>157,904</u>	<u>168,161</u>	<u>186,123</u>
Current liabilities	<b><u>75,122</u></b>	<u>49,602</u>	<u>20,470</u>	<u>12,599</u>	<u>40,952</u>
Non-current liabilities	<b><u>1,286</u></b>	<u>1,393</u>	<u>1,485</u>	<u>1,704</u>	<u>-</u>
TOTAL LIABILITIES	<b><u>76,408</u></b>	<u>50,995</u>	<u>21,955</u>	<u>14,303</u>	<u>40,952</u>
	<b><u>144,279</u></b>	<u>133,425</u>	<u>135,949</u>	<u>153,858</u>	<u>145,171</u>

## FIXED ASSETS

Details of movements in the fixed assets of the Group during the period are set out in notes 13 to 15 to the financial statements.

# REPORT OF THE DIRECTORS (Continued)

## SHARE CAPITAL

Details of movements in the Company's share capital during the period, together with the reasons therefore, are set out in note 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 period.

## RESERVES

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

## DISTRIBUTABLE RESERVES

At 31 December 2006, the Company had no retained profits available for cash distribution and/or distribution in specie. Under the Companies Act 1981 of Bermuda (as amended), the Company's contribution surplus in the amount of HK\$122,864,000 is currently not available for distribution. The Company's share premium account in the amount of HK\$119,078,000 as at 31 December 2006, may be distributed in the form of fully paid bonus shares.

## MAJOR CUSTOMERS AND SUPPLIERS

During the nine month ended 31 December 2006, the five largest customers of the Group accounted for approximately 98% (31 March 2006: 84%) of the Group's turnover for the period while the five largest suppliers accounted for approximately 100% (31 March 2006: nil) of the Group's purchases. In addition, the largest customer of the Group accounted for approximately 39% (31 March 2006: 28%) of the Group's turnover for the period while the largest supplier accounted for approximately 41% (31 March 2006: 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.

# REPORT OF THE DIRECTORS (Continued)

## DIRECTORS

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

### Executive directors

Mr. Wu Jian Feng	(Appointed on 25 October 2006)
Mr. Zhang Cheng Jie	(Appointed on 25 October 2006)
Mr. Liu Ji Cheng	(Resigned on 10 May 2006)
Mr. Lam Kwan Sing	(Resigned on 25 October 2006)

### Non-executive director

Mr. Chan Chi Yuen	(Appointed as executive director and chairman on 10 May 2006, re-designated on 25 October 2006)
Mr. Chan Chung Yin, Victor	(Appointed on 25 October 2006)

### Independent non-executive directors

Mr. Fung Chi Kin	(Appointed on 25 October 2006)
Mr. Qian Zhi Hui	(Appointed on 25 October 2006)
Mr. Chiu Wai On	(Appointed on 6 November 2006)
Ms. Ho Pui Man	(Resigned on 25 October 2006)
Mr. Tse On Po, Vincent	(Resigned on 25 October 2006)
Mr. Law Fei Shing	(Resigned on 25 October 2006)

In accordance with the Company's bye-law no. 86(2), Mr. Wu Jian Feng, Mr. Zhang Cheng Jie, Mr. Chan Chung Yin, Victor, Mr. Fung Chi Kin, Mr. Qian Zhi Hui and Mr. Chiu Wai On 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.

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 Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the Independent Non-executive Directors are independent.

## BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the directors of the Company of the Group are set out on pages 15 to 16 of the annual report.

# REPORT OF THE DIRECTORS (Continued)

## **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.

## **DIRECTOR INTEREST 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 period.

## **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 December 2006, none of the directors and or their associates in the shares had registered an interests or short position in the shares, underlying shares and or 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.

## **DIRECTORS' RIGHT TO ACQUIRE SHARE OR DEBENTURES**

At no time during the period 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.

## REPORT OF THE DIRECTORS (Continued)

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

At 31 December 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:

<b>Name of shareholder</b>	<i>Notes</i>	<b>Capacity and Nature of Interest</b>	<b>Number of ordinary share held</b>	<b>Percentage of the Company's issued share capital</b>
Good Power International Limited	(i)	Directly beneficially owned	119,712,500	21.52
Mr. Tse On Kin and Ms. Wong Chin Yen	(i)	Through a controlled corporation	119,712,500	21.52
Kistefos Investment A.S.	(ii)	Directly beneficially owned	62,400,000	11.22
Mr. So Chi Ming		Directly beneficially owned	30,303,030	5.45

#### Notes:

- (i) 119,712,500 ordinary shares in the Company were held by Good Power International Limited, a company which is 80% owned by Mr. Tse On Kin and 20% owned by Ms. Wong Chin Yen.
- (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.

# REPORT OF THE DIRECTORS (Continued)

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company was in compliance with the provisions of the Code on Corporate Governance Practices (the "Code Provisions") as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the accounting year covered by the financial statements, except for code provisions A.2.1, A.4.1 and A.4.2 details of which are set out in the Corporate Governance Report on pages 7 to 14 of this annual report.

## MODEL CODE FOR SECURITIES BY DIRECTORS

The Company has complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code and the code of conduct regarding securities by the Directors adopted by the Company.

## MATERIAL LITIGATION AND ARBITRATION

The Group did not engage in any litigation or arbitration of material importance during the nine-month ended 31 December 2006

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float through the nine months period ended 31 December 2006.

## AUDIT COMMITTEE

Pursuant to the Requirements of the Corporate Governance Code and Listing Rules 3.21, the Company has established an Audit Committee comprising three members, all being independent Non-executive Directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed with auditing. Internal control and financial reporting matters including the review of the Group's financial statements for the nine months ended 31 December 2006.

## AUDITORS

The financial statements for the year ended 31 March 2005, 2006 and the nine months ended 31 December 2006 were audited by CCIF CPA Limited. CCIF CPA Limited retires and a resolution for the reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**Wu Jian Feng**  
*Executive Director*

Hong Kong  
25 April 2007