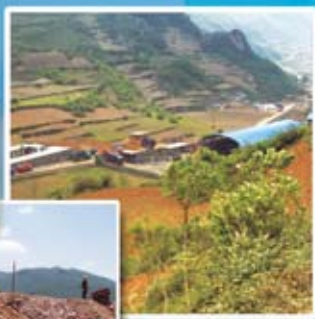


New Times Group Holdings Limited 新時代集團控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 166)



Interim Report
2007

CORPORATION INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tse On Kin (*Chairman*)
Mr. Wu Jian Feng
Mr. Zhang Cheng Jie

Non-executive Directors

Mr. Chan Chi Yuen
Mr. Chan Chung Yin, Victor

Independent Non-executive Directors

Mr. Fung Chi Kin
Mr. Qian Zhi Hui
Mr. Chiu Wai On

AUDIT COMMITTEE

Mr. Chiu Wai On (*Chairman*)
Mr. Fung Chi Kin
Mr. Qian Zhi Hui

REMUNERATION COMMITTEE

Mr. Fung Chi Kin (*Chairman*)
Mr. Qian Zhi Hui
Mr. Chiu Wai On

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Yu Wing Cheung

AUDITOR

C C I F CPA Limited

LEGAL ADVISER

On Hong Kong law

Kirkpatrick & Lockhart Preston Gates & Ellis
LLP

On Bermuda law

Conyers Dill & Perman

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2003-06 Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

166

The board of directors (the “Board”) of New Times Group Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Unaudited) \$'000
Turnover	(3)	117,661	2,940
Cost of sales		<u>(111,995)</u>	<u>–</u>
Gross profit		5,666	2,940
Fair value loss on investment properties		–	(943)
Other revenue and gain		511	2,191
Administrative expenses		(3,747)	(3,172)
Other operating expenses		(2,531)	–
Share-based payment expenses		<u>(12,838)</u>	<u>–</u>
(Loss)/Profit from operations		(12,939)	1,016
Finance costs	(4)	<u>(341)</u>	<u>(606)</u>
(Loss)/Profit before taxation	(5)	(13,280)	410
Income tax	(6)	<u>(804)</u>	<u>(434)</u>
Loss for the period attributable to shareholders		<u>(14,084)</u>	<u>(24)</u>
Dividends	(7)	<u>–</u>	<u>N/A</u>
(Loss) per share			
– Basic (HK cents)	(8)	<u>(2.42)</u>	<u>(0.01)</u>
– Diluted (HK cents)	(8)	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

(Expressed in Hong Kong dollars)

	Notes	30 June 2007 (Unaudited) \$'000	31 December 2006 (Audited) \$'000
NON-CURRENT ASSETS			
Property, plant and equipment		114	2
Investment properties		77,300	77,300
Goodwill		10,200	10,200
		87,614	87,502
CURRENT ASSETS			
Properties held for/under development for sale		88,312	61,823
Inventory		44,435	–
Trade receivables	(9)	87,118	31,915
Prepayments, deposits and other receivables		39,811	24,693
Cash and bank balances		74,297	14,754
		333,973	133,185
CURRENT LIABILITIES			
Bank loan	(11)	–	9,965
Deposits received		73,094	35,769
Trade payables	(10)	91,615	10,723
Finance lease payables due within one year		11	–
Other payables and accrued liabilities		22,358	15,968
Tax payable		3,501	2,697
		190,579	75,122
NET CURRENT ASSETS		143,394	58,063
TOTAL ASSETS LESS CURRENT LIABILITIES		231,008	145,565

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2007

(Expressed in Hong Kong dollars)

	Notes	30 June 2007 (Unaudited) \$'000	31 December 2006 (Audited) \$'000
NON-CURRENT LIABILITY			
Finance lease payables due after one year		42	–
Deferred income tax		<u>1,286</u>	<u>1,286</u>
		<u>1,328</u>	<u>1,286</u>
		<u>229,680</u>	<u>144,279</u>
CAPITAL AND RESERVES			
Share capital	(12)	66,631	55,631
Reserves		<u>163,049</u>	<u>88,648</u>
TOTAL EQUITY		<u>229,680</u>	<u>144,279</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 June 2007

(Expressed in Hong Kong dollars)

	Issued share capital (Unaudited) \$'000	Share Premium (Unaudited) \$'000	Convertible notes equity reserve (Unaudited) \$'000	Share options reserve (Unaudited) \$'000	Capital Reserve (Unaudited) \$'000	Exchange fluctuation reserve (Unaudited) \$'000	Accumulated losses (Unaudited) \$'000	Total (Unaudited) \$'000
At 1 January 2007	55,631	119,078	-	-	9,585	903	(40,918)	144,279
Exchange difference arising from translation of financial statement of overseas operation	-	-	-	-	-	(236)	-	(236)
Issue of shares	11,000	75,883	-	-	-	-	-	86,883
Recognition of equity-settled share base payment	-	-	-	12,838	-	-	-	12,838
Net loss for the period	-	-	-	-	-	-	(14,084)	(14,084)
At 30 June 2007	<u>66,631</u>	<u>194,961</u>	<u>-</u>	<u>12,838</u>	<u>9,585</u>	<u>667</u>	<u>(55,002)</u>	<u>229,680</u>
At 1 January 2006	43,330	94,471	-	-	9,585	(443)	(14,960)	131,983
Exchange difference arising from translation of financial statement of overseas operation	-	-	-	-	-	1,283	-	1,283
Recognition of equity component of convertible notes	-	-	1,201	-	-	-	-	1,201
Issue of shares under convertible notes	3,031	1,969	(1,201)	-	-	-	-	3,799
Net loss for the period	-	-	-	-	-	-	(24)	(24)
At 30 June 2006	<u>46,361</u>	<u>96,440</u>	<u>-</u>	<u>-</u>	<u>9,585</u>	<u>840</u>	<u>(14,984)</u>	<u>138,242</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

(Expressed in Hong Kong dollars)

	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Unaudited) \$'000
Net cash used in operating activities	(16,736)	(7,177)
Net cash (used in)/generated from investing activities	(116)	520
Net cash inflow from financing activities	76,631	4,364
Increase/(Decrease) in cash and cash equivalents	59,779	(2,293)
Effect of foreign exchange rate changes	(236)	1,283
Cash and cash equivalents at beginning of the period	14,754	2,159
Cash and cash equivalents at end of the period	74,297	1,149
Analysis of balances of cash and cash equivalents Cash and bank balances at the end of the period	74,297	1,149

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and are in compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties which are measured at fair value, as appropriate.

The accounting policies used in preparation of the unaudited condensed consolidated financial statements are consistent with those used in the financial statements contained in the 2006 Annual Report. In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for accounting periods beginning on or after 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments Disclosures
HK(IFRIC)-INT 7	Applying the Restatement Approach under HKAS 29
HK(IFRIC)-INT 8	Scope of HKFRS 2
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment

The adoption of such standards or interpretations does not result in substantial changes to the Group's accounting policies and has no significant effect on the financial position or performance for the six months ended 30 June 2007.

3. PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

Segment information is presented by way of two segment formats:

- (a) on a primary segment reporting basis, by business segment; and
- (b) on a secondary segment reporting basis, by geographical segment.

Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. The business segments of the Group are trading of zinc ore concentrate and zinc ingots; property investment and provision of financial services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

3. PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION (Continued)

a. Business segments

The following tables present revenue, results and certain assets and liabilities information for the Group's business segments.

	Trading of zinc ore concentrate and zinc ingots		Property investment		Financial services		Total	
	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Audited) \$'000	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Audited) \$'000	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Audited) \$'000	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Audited) \$'000
Segment revenue								
Sales and services to external customer	116,467	-	1,194	2,295	-	645	117,661	2,940
Other revenue	215	-	39	3	-	371	254	374
Total	116,682	-	1,233	2,298	-	1,016	117,915	3,314
Segment result	2,376	-	(2,172)	145	(144)	1,631	60	1,776
Unallocated other revenue							257	1,817
Unallocated expenses							(13,256)	(2,577)
Operating (loss)/profit							(12,939)	1,016
Finance costs							(341)	(606)
(Loss)/Profit before taxation							(13,280)	410
Income tax							(804)	(434)
Net loss for the period attributable to shareholders							(14,084)	(24)
Segment assets	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000
Unallocated assets	153,923	40,458	198,131	161,424	296	300	352,350	202,182
Total assets							69,237	18,505
Segment liabilities	87,065	10,548	100,610	57,846	1,437	1,427	189,112	69,821
Un-allocated liabilities							2,795	6,587
Total liabilities							191,907	76,408

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

3. PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION (Continued)

b. Geographical segment

The following tables present revenue and certain assets for the Group's geographical segments.

	Hong Kong		Mainland China		Total	
	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Unaudited) \$'000	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Unaudited) \$'000	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Unaudited) \$'000
Segment revenue						
Sales and services to external customer	116,467	645	1,194	2,295	117,661	2,940
Other revenue	472	2,188	39	3	511	2,191
Total	116,939	2,833	1,233	2,298	118,172	5,131
	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000
Segment assets	223,456	59,263	198,131	161,424	421,587	220,687

4. FINANCE COSTS

	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Unaudited) \$'000
Group:		
Interest on		
Bank borrowings wholly repayable within 1 year	341	419
Others borrowings wholly repayable within 1 year	-	15
Interest on amount due to securities dealers	-	172
	341	606

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging and crediting the following:

	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Unaudited) \$'000
After charging –		
Cost of sale	111,995	–
Depreciation	4	77
Share-based payment expenses	12,838	–
Staff cost (including directors' emoluments)		
– Wages, salaries and other benefits	1,005	612
– Defined contribution retirement scheme	20	21
Operating lease charges: minimum lease payments – hire of property rental	543	502
Impairment loss on loan and receivables, unsecured	720	–
	—————	—————
After crediting –		
Net rental income	985	1,893
Interest income	433	661
Exchange gains, net	73	1,093
	—————	—————

6. INCOME TAX

The charge represents Hong Kong Profits Tax calculated at 17.5% of the estimated assessable profits for the six months ended 30 June 2007.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, practices and interpretations in respect thereof.

	Six months ended 30 June 2007 (Unaudited) \$'000	Six months ended 30 June 2006 (Unaudited) \$'000
Current tax		
Hong Kong	466	–
Elsewhere	338	434
	—————	—————
Total tax charge for the year	804	434
	—————	—————

7. DIVIDENDS

The directors do not recommend any payment of interim dividend for the six months ended 30 June 2007. The interim dividend for the six months ended 30 June 2006 was not comparable as the Company changed its financial year end date from 31 March to December in 2006. No interim dividend was declared and paid for the six months ended 30 June 2006.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

8. LOSS PER SHARE

The calculation of basic loss per share was based on the unaudited consolidated loss attributable to shareholders of HK\$14,084,000 (30 June 2006: HK\$24,000) and the weighted average number of 582,161,384 (30 June 2006: 433,949,916) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2007 and 2006 have not been calculated because no potential dilutive ordinary shares existed during these periods.

9. TRADE RECEIVABLES

Included in trade receivables are rental receivables and amount due from customers of zinc ore concentrate and zinc ingots. An aged analysis of the Group's trade receivables, based on the invoice date, as at the balance sheet date is as follows:

	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000
Current to 90 days	86,679	33,304
91–180 days	1,197	1,186
Over 180 days	7,604	5,067
	95,480	39,557
Provision for impairment loss	(8,362)	(7,642)
	87,118	31,915

Receivables from sales of zinc ore concentrate and zinc ingots are predetermined in accordance with the provisions of relevant agreements and are contractually payable to the Group within specified period and are settled before 21 September 2007, being the date of this interim report. Provision for impairment loss is made on trade receivables based on a review of all outstanding amounts on regular basis when collection of the amount is in doubt.

10. TRADE PAYABLES

An aged analysis of trade payables as at 31 December 2006 and 30 June 2007, based on vendors' invoice date is as follows:

	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000
Current to 90 days	77,786	10,723
91–180 days	4,181	–
Over 180 days	9,648	–
	91,615	10,723

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

11. BANK LOAN

As at 30 June 2007, the Group had no interest-bearing borrowings (31 December 2006: HK\$9,965,000). During the period, a secured bank loan of approximately HK\$9,965,000, bearing interest at 7.839% per annum and secured by the leasehold land and a personal guarantee given from a director of one of the subsidiary of the Company, was settled.

12. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Amount HK\$'000
Authorised			
At 1 April 2006 and 31 December 2006			
Ordinary shares of HK\$0.10 each		900,000,000	90,000
At 1 January 2007			
Ordinary shares of HK\$0.10 each		900,000,000	90,000
Increase in authorised share capital	<i>(a)</i>	2,100,000,000	210,000
At 30 June 2007			
Ordinary shares of HK\$0.10 each		3,000,000,000	300,000
Issued and fully paid:			
At 1 April 2006			
Ordinary shares of HK\$0.10 each		433,302,000	43,330
Share issued under convertible notes		30,303,030	3,031
Share issued under placement		92,700,000	9,270
At 31 December 2006			
Share issued under placement	<i>(b)</i>	110,000,000	11,000
At 30 June 2007			
Ordinary shares of HK\$0.10 each		666,305,030	66,631

During the period, the movements in the share capital were as follows:

- (a) Pursuant to an ordinary resolution passed on 29 June 2007, the authorised share capital of the Company was increased from HK\$90,000,000 to HK\$300,000,000 by creation of 2,100,000,000 additional shares of HK\$0.10 each, ranking pari passu in all respect with the existing shares of the Company.
- (b) In May 2007, the Company issued 70,000,000 shares of HK\$0.10 each at HK\$0.78 per share (HK\$0.10 nominal share price and HK\$0.68 share premium) and 40,000,000 shares of HK\$0.10 each, at HK\$0.87 per share (HK\$0.10 nominal share price and HK\$0.77 share premium) for cash, to certain independent third parties.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

13. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

On 8 May 2007, 43,330,000 share options were granted under the Scheme to certain directors, employees and persons or entity that provides support or advisory, consultancy, professional or other services to the Group. The exercise price of the share options is HK\$0.60 per share and the closing price of the Company's shares on the date of grant was HK\$0.56.

The following share options were outstanding as at 30 June 2007:

Category of grantees	Date of grant	Exercise period	Exercise price	Number of share options				
				Balance at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Balance at The end of the period
Directors –								
Mr. Tse On Kin	8.5.2007	8.5.2007 – 7.5.2012	HK\$0.60	-	4,333,000	-	-	4,333,000
Mr. Wu Jian Feng	8.5.2007	8.5.2007 – 7.5.2012	HK\$0.60	-	4,333,000	-	-	4,333,000
Mr. Zhang Cheng Jie	8.5.2007	8.5.2007 – 7.5.2012	HK\$0.60	-	4,333,000	-	-	4,333,000
Other employees in aggregate	8.5.2007	8.5.2007 – 7.5.2012	HK\$0.60	-	12,999,000	-	-	12,999,000
Other participants in aggregate	8.5.2007	8.5.2007 – 7.5.2012	HK\$0.60	-	17,332,000	-	-	17,332,000
				-	43,330,000	-	-	43,330,000

The fair value of the share option granted during the six months ended 30 June 2007, amounting to approximately HK\$12,838,000. The estimate of fair value of the share options is based on the Black-Scholes Options Pricing Model (the "Model"). The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing fair value of the share options are based on the management's best estimate. The fair value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

13. SHARE OPTION SCHEME (Continued)

The variables of the options served as inputs into the model are listed as follows:

Grant date/Date of valuation	8 May 2007
Closing share price on the grant date	HK\$0.56
Exercise price	HK\$0.60
Expected volatility	101.42%
Assumed life of option from date of valuation	2 years
Risk-free rate	3.953%
Expected dividend yield	0%

Note:

- (a) Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year.
- (b) The assumed life of option from the date of valuation used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral consideration.
- (c) The applicable risk-free interest rate was the yield of two years Hong Kong Monetary Authority exchange fund notes quoted at the date of valuation.

The fair value of the share options granted is recognised as share-based payment expenses according to their vesting conditions. The options granted during the six months ended 30 June 2007 are exercisable from the grant date, being 8 May 2007 to 7 May 2012 (both days inclusive). The fair value of the options, HK\$12,838,000 (2006: Nil), was charged to the income statement for the six months ended 30 June 2007.

14. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Group mainly operates, in the PRC with most of the transactions settles in the RMB and did not have significant exposure to foreign risk during the period. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

Credit risk

The Group has no significant concentrations of credit risk. The carrying amount of the trade and other receivables included in the balance sheet represents the Group's maximum exposure to credit risk in relation to its financial assets. The Group has policy in place to ensure that sales of products and services are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Groups' historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible trade and other receivables has been made in the income statement.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

14. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

Liquidity risk

The Group finances its operations by its working capital. Adequate fundings are maintained to ensure the necessary liquidity is available when required.

Interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. At the balance sheet date, there are no fixed interest rates for long term bank loans of the Group.

(b) Fair value estimation

The nominal values less estimated credit adjustments (as applicable) of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

15. COMMITMENTS

(a) Capital commitments

The Group had the following authorized and contracted capital commitments:

	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000
Contracted but not provided for		
– Construction cost of properties under development	36,820	60,338

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS *(Continued)*

15. COMMITMENTS *(Continued)*

(b) Commitments under operating leases

At balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings, which fall due as follows:-

	Group	
	As at 30 June 2007 (Unaudited) \$'000	As at 31 December 2006 (Audited) \$'000
Within one year	1,101	1,043
In the second to fifth years, inclusive	1,890	2,456
	2,991	3,499

16. RELATED PARTY TRANSACTIONS

There is no transaction with related parties during the period.

17. LITIGATIONS

On 6 September, 2007, Jefta Holdings Limited, a wholly owned subsidiary of the Company, brought legal action against Mr. Wong Kui Shing, Danny claiming a loan for the sum of HK\$5,892,500 plus contractual interest and default interest to be assessed due to Jefta Holdings Limited. As at the date of this report, the proceedings are still on going. After taking into consideration the advice of the Group's legal counsel, the directors consider the outcome of the proceedings will not have material adverse financial effect on the Group.

The legal representative in the PRC of the Company is still continuing its negotiation with the debtors in the PRC on the outstanding loan and trade receivables. The Company will institute legal proceedings against the debtors in the PRC after receive and consider legal advices from the PRC legal representative.

MANAGEMENT DISCUSSION AND ANALYSIS

General Overview

During the six months ended 30 June 2007, the Group was engaged in the business of zinc ore concentrate and zinc ingots trading, property investments and development. Turnover of the Group reported a turnover of HK\$117,661,000 (30 June 2006: HK\$2,940,000). The increase of turnover was mainly due to revenue from trading of zinc ore concentrate and zinc ingots.

The Group recorded a loss attributable to shareholders of approximately HK\$14,084,000 as compared to a loss of HK\$24,000 for the corresponding period in 2006. The increase in loss was mainly resulted from the fair value of options granted by the Company during the period under review for HK\$12,838,000 (30 June 2006: Nil) recognised as share-based expenses in the income statement for the six months ended 30 June 2007 in accordance with the Hong Kong Accounting Standards.

Review of Business

During the period under review, the Group's zinc ore concentrate and zinc ingots trading business recorded a turnover of HK\$116,467,000, with a gross profit of HK\$4,472,000.

Gross rental income from properties in Beijing, PRC for the period under review amounted to HK\$1,194,000 (30 June 2006: HK\$2,295,000). Management of the Group considers to dispose 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.

The pre-sale of the Group's development site in Shenzhen received a satisfactory response during the period under review. Sales deposit of HK\$72,656,000 was recorded as at 30 June 2007 (31 December 2006: HK\$35,336,000) and the construction was progressing according to schedule and is expected to be completed in the year.

Future Prospects

On 28 June 2007, the Company and its subsidiaries had entered into four separate memorandums of understanding (the "MOU") relating to possible acquisition granting the Group an exclusive right of negotiation of 180 days from the date of MOU. The Company intends in acquisition of interests in the entire mining right over two zinc mines in Hunan Province (total area of the two mines is about 5 km²) and approximately 51% interest in an exploration rights over a district in Guizhou Province (total area of about 19.09 km²) and would apply for a mining right over an area of about 1 km² in such area. The Company also intends to invest in a zinc refinery plant in Guizhou Province and establish a joint venture of zinc electrolysis refinery plant in Hunan Province with an Independent Third Party. Some initial due diligence exercises were conducted on the above acquisition and establishing the refinery plants. Further negotiations have been carried out. Up to 21 September 2007, being the date of this interim report, no conclusion was made and negotiations were expected to continue. The directors believe that acquisition of exploration and mining rights and establishing refinery plants will reduce the direct costs of zinc ore concentrates and zinc ingots. The new projects will increase the sales volume with higher gross margin and will increase the Group's profitability.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Future Prospects *(Continued)*

Zinc is widely used for sectors like metallurgy, construction, machines, chemical, automobile. China boasts of the richest deposit of zinc in the world. In recent years, China's zinc industry has experienced a fast growth and for the past 15 years consecutively its output and apparent consumption of refined zinc have topped the other economies globally. Currently, market demand of zinc is generally exceeds its demand. Directors will focus its resources and efforts on zinc mining and smelting business which will broaden the Group's revenue sources and provide a desirable return to the Group.

Capital Structure, Liquidity and Financial Resources

On 18 May 2007 and 22 May 2007, the Company issued 70,000,000 ordinary shares of HK\$0.10 each at HK\$0.78 per share and 40,000,000 ordinary shares of HK\$0.10 each at HK\$0.87 per share respectively to certain independent third parties for cash. Consequent to the aforesaid events, the issued share capital of the Company was increased by HK\$11,000,000 (represented by 110,000,000 ordinary shares) to HK\$66,630,503 (represented by 666,305,030 ordinary shares). The net proceeds of approximately HK\$86,883,000 were used for Group's general working capital and future investments.

As at 30 June 2007, the Group had no interest-bearing borrowings (31 December 2006: HK\$9,965,000).

As at 30 June 2007, the Group had available bank balances and cash of HK\$74,297,000 (31 December 2006 HK\$14,754,000), which were mainly placed with bank as time deposits. Bank balances and cash held are mainly denominated in Hong Kong dollars.

As at 30 June 2007, the Group had a current ratio, calculated on the basis of total current assets to total current liabilities, of 1.75 (31 December 2006: 1.77). The Group's gearing ratio, calculated on the basis of total liabilities to total assets, as at 30 June 2007 was 0.45 (31 December 2006: 0.35). The changes in current and gearing ratio were resulted from increase in trade payables and deposits received in line with trade receivables and inventory in the period under review.

Contingent Liability

As at 30 June 2007, the Group did not have any material contingent liabilities as at 30 June 2007 (31 December 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Capital Investments and Commitments

As at 30 June 2007, except for the construction expenditures in relation to the construction of properties on certain industrial land in Shenzhen, PRC, the Group did not incur any material capital investment or expenditure. As at the interim report date, the Group had capital commitment in respect of the construction cost in relation to certain industrial land in Shenzhen, PRC amount to HK\$36,820,000 (31 December 2006: HK\$60,338,000).

Foreign Exchange and Interest Rate Exposure

Revenue and incurred costs of the Group are mainly denominated in Hong Kong Dollar and Renminbi. Management of the Company will closely monitor the fluctuation in this currency and take appropriate actions when condition arises. As at 30 June 2007, the Group does not currently have any hedging activities against its foreign exchange exposure nor does adopt any formal hedging policies.

Employment, Training and Remuneration Policy

As at 30 June 2007, the Group's operations engaged a total of about 22 staffs and workers. 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. Benefits include staff accommodation, medical schemes and Mandatory Provident Fund Scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the People's Republic of China.

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 June 2007, 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 positions of Directors' interests in shares of the Company

Name of Directors	Number of ordinary shares of the Company held			Approximate percentage of the total issued share capital
	Other Interest (Note)	Interest in underlying shares under derivatives/share options	Total interests	
Mr. Tse On Kin	119,712,500	4,333,000	124,045,500	18.62%
Mr. Wu Jian Feng		4,333,000	4,333,000	0.65%
Mr. Zhang Cheng Jie		4,333,000	4,333,000	0.65%

Note: This corporate interest was 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.

OTHER INFORMATION *(Continued)*

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

(Continued)

The interests of the Directors or chief executive of the Company, and their respective associates, in the underlying shares of the Company which may be issued pursuant to exercise of the share options granted to the Directors by the Company. Details are set out in note 13 to the financial statements.

Save as disclosed above, as at 30 June 2007, none of the directors or their associates had any personal, family, corporate or other interests in the securities of the Company or any of 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:

Directors' Rights to Acquire Shares or Debentures

At no time during the period under review 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 children under 18 years of age, 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.

Share Option Scheme

Details of the Company's share option scheme are set out in note 13 to the financial statements.

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 period under review.

OTHER INFORMATION (Continued)

Discloseable Interests and Short Positions of Shareholders under the SFO

As at 30 June 2007, 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:

Name of Shareholders	Capacity in which interests are held	Number of shares held in the Company (other than equity derivatives)	Interests under equity derivatives (i)	Total interests as to percentage to the total issued share capital
Good Power International Limited (ii)	Beneficial owner	119,712,500	–	17.97%
Mr. Tse On Kin and Ms. Wong Chin Yen (ii)	Interest of controlled corporation	119,712,500	4,333,000	18.62%
Galaxy China Opportunities Fund	Beneficial owner	59,318,000	–	8.90%
Kistefos Investment A.S. (iii)	Beneficial owner	62,400,000	–	9.37%
Deutsche Bank Aktiengesellschaft	Security interest	56,814,000	–	8.53%

Note:

- (i) Details of the interests of directors and chief executives of the Company in the underlying shares of equity derivatives in respect of options granted to them are stated in the note 13 to the financial statements.
- (ii) This corporate interest was 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.
- (iii) So far as is known to the Directors, Kistefos Investment A.S. is wholly owned by A.S. Kistefos Traesliberi, in which Christen Sveaas has an 85% beneficial interest.

OTHER INFORMATION *(Continued)*

Discloseable 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.

Appointment of Directors

During the period under review, Mr. Tse On Kin, who has a controlling interest in Good Power International Limited, was appointed as executive director and chairman of the Company with effect from 7 May 2007.

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 under review.

Code of Corporate Governance Practices

In the opinion of the directors, the Company had complied with the Code Provisions on Corporate Governance (the "Code Provision(s)") as set out in Appendix 14 of the Listing Rules throughout the period six months ended 30 June 2007, except for the following deviations:

Code Provision A.2.1

This code stipulates that the role of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The Company does not at present have any office with the title "Chief Executive Officer".

Code Provisions A.4.1

This code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The non-executive and independent non-executive directors of the Company are not appointed for a specific term but they are subject to retirement by rotation and re-election at the general meeting of the Company.

OTHER INFORMATION *(Continued)*

Audit Committee

The Audit Committee, comprising three independent non-executive directors of the Company, namely Mr. Chiu Wai On, Mr. Fung Chi Kin and Mr. Qian Zhi Hui, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The interim financial report for the six months ended 30 June 2007 has been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee, comprising three independent non-executive directors of the Company, namely Mr. Fung Chi Kin, Mr. Qian Zhi Hui and Mr. Chiu Wai On. The remuneration committee is primarily responsible for reviewing and making recommendations to the Board on the remuneration packages of all executive directors and senior management.

Model Code on Securities Transactions by Directors

The Company has adopted the Model Code as code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. 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.

BY THE ORDER OF THE BOARD
Tse On Kin
Chairman

Hong Kong, 21 September 2007