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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)**

### **DISCLOSEABLE TRANSACTION RELATING TO DISPOSAL OF A SUBSIDIARY**

On 24 December 2008, the Group entered into the Agreement with an independent third party regarding the disposal of its entire equity interest in Elegant Pool and the Debt. The only asset of Elegant Pool is the Beijing Property. The aggregate consideration for the Disposal is HK\$49,880,000.

The Disposal constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing information of the Disposal and the Group will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

Trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 12 December 2008 at the request of the Company and will remain suspended pending the release of another announcement.

On 24 December 2008, the Group entered into the Agreement to dispose of its entire equity interests in Elegant Pool and the Debt. Details of the Disposal are set out below.

#### **AGREEMENT DATED 24 DECEMBER 2008**

##### **Parties**

Vendor : Powerful Union Limited (a wholly owned subsidiary of the Company)

Purchaser : Flame High Limited

\* *for identification purpose only*

As far as the Directors are aware, the Purchaser is wholly, beneficially and ultimately owned by Mr. Lam Chi Sing (“Mr. Lam”). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules). The Purchaser is an investment holding company and its beneficial and ultimate owner, Mr. Lam, is a businessman who mainly engaged in property investment in the PRC. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Company has no prior transaction with the Vendor or its associates in the past 24 months which would otherwise require aggregation with the Disposal pursuant to Rule 14.22 of the Listing Rules.

### **Assets to be disposed**

- (i) the Sale Shares, being 100 issued ordinary shares of US\$1.00 each in the capital of Elegant Pool, representing the entire existing issued share capital of Elegant Pool; and
- (ii) the benefit of and the interest in the Debt of HK\$54,286,676 owing from Elegant Pool to the Company.

Elegant Pool is principally engaged in property investment. The only asset of Elegant Pool is the Beijing Property, which was valued at HK\$53,952,000 as at 30 November 2008 by an independent professional valuer, Chung, Chan & Associates Chartered Surveyors. The Beijing Property comprises two portions of shop spaces in a commercial podium of a 13-storey commercial and residential development. As at the date of the Agreement, the shop spaces of the Beijing Property are vacant.

Based on the unaudited management accounts of Elegant Pool prepared in accordance with the Hong Kong Financial Reporting Standards and included in the audited consolidated accounts of the Group of the respective financial statements, Elegant Pool recorded a loss before taxation of approximately HK\$3.2 million and a loss after taxation of approximately HK\$3.8 million for the nine months ended 31 December 2006, while it recorded a profit before taxation of approximately HK\$293,000 and a profit after taxation of approximately HK\$54,000 for the year ended 31 December 2007. According to the unaudited management accounts of Elegant Pool, it has net liabilities of approximately HK\$3.9 million as at 30 November 2008. The aforesaid profit and loss of Elegant Pool were mainly attributable to the rental income generated by the Beijing Property prior to April 2007, general administrative expenses and valuation loss on the Beijing Property. The main component of Elegant Pool’s liabilities is the Debt. The Group acquired the Beijing Property and the relevant shareholders’ loan by entering into a sale and purchase agreement with an independent third party in July 2003. Details of the previous acquisition had been disclosed in the circular of the Company dated 6 August 2003. The Debt was brought forward by the original shareholders’ loan so acquired and netted off with repayments made during the years.

## **Consideration**

The aggregate Consideration of HK\$49,880,000 shall be payable by the Purchaser in cash to the Vendor in two instalments as follows:

- (i) as to HK\$10,000,000 has been paid by the Purchaser to the Vendor in cash upon the signing of the Agreement; and
- (ii) the balance of HK\$39,880,000 will be payable by the Purchaser as the Second Instalment, within nine months from the date of the first instalment, together with interests accrued thereon on from day to day and be calculated on a 365-day basis from the date of Completion to the date of payment of the Second Instalment (both days inclusive) at the rate of 5% per annum.

The Consideration for the Sale Shares and the Debt was determined after arm's length negotiations between the parties to the Agreement, taking into account (i) the net liabilities of the Elegant Pool as at 30 November 2008 of approximately HK\$3.9 million; and (ii) the outstanding amount of the Debt of HK\$54,286,676 as at the date of the Agreement.

## **Charge of the Sale Shares and undertakings by the Purchaser**

The Purchaser, as the sole owner of the Sale Shares upon Completion, agreed to charge by way of first fixed charge to the Vendor as a continuing security for the payment of the Second Instalment.

The Purchaser further undertakes and assures the Vendor that, for so long as the Second Instalment remains outstanding:–

- (i) the Purchaser will not allow Elegant Pool to sell the Beijing Property or encumber itself in whatsoever ways;
- (ii) the Purchaser will not assign any liabilities owed to the Purchaser by Elegant Pool to any third party;
- (iii) the Purchaser will not borrow any money for Elegant Pool or allow Elegant Pool to borrow any money;
- (iv) the Purchaser will not give any guarantee;
- (v) the Purchaser will not give guarantee on behalf of Elegant Pool or allow Elegant Pool to do so; and
- (vi) the Purchaser will not allow Elegant Pool to incur any debt and/or encumber itself in whatsoever ways.

## **Completion**

Completion of the Agreement shall be conditional upon the Purchaser making payment of the first instalment of the Consideration and the execution of all the necessary documents as stated in the Agreement.

Completion shall take place within seven business days from the fulfillment of the aforesaid conditions. Upon completion of the Agreement, Elegant Pool will cease to be a subsidiary of the Company.

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in the business of property investment and development, provision of financial services and trading of zinc ore concentrate and zinc ingots. Starting from mid-2007, the Group has also tapped into the natural resources industry.

Based on the aggregate Consideration for the Disposal of HK\$49,880,000, the net liabilities of Elegant Pool of approximately HK\$3.9 million and the outstanding amount of the Debt of approximately HK\$54.3 million, it is estimated that an insignificant loss of approximately HK\$0.5 million would arise as a result of the Disposal. It is estimated that the net proceeds from the Disposal will amount to approximately HK\$49.5 million and the Group intends to apply the net proceeds as general working capital for the Group.

As disclosed in the previous annual reports and the 2008 interim report of the Company, fair value of the Beijing Property had been decreasing from approximately HK\$75.8 million as at 31 March 2006 to approximately HK\$67.1 million as at 30 June 2008. Also, as disclosed in 2007 annual report of the Company, the Beijing Property had been vacant for sale since mid-2007 and the management of the Company had been seeking for buyer to dispose of the Beijing Property so as to release capital for further investments to strengthen the Group's earning stream. According to the 2008 interim report of the Company, no rental income was generated from the Beijing Property during the six month period ended 30 June 2008. Accordingly, taking into account that the Consideration is close to the aggregate net value of Elegant Pool and the Debt and only a minimal loss would result, the Group is of the view that it is an opportune time to realise its interests in Elegant Pool.

Based on the above, the Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

## **GENERAL**

The Disposal constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing information of the Disposal and the Group will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

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## DEFINITIONS

In this announcement, the following terms have the following meanings:

“Agreement”	the sale and purchase agreement dated 24 December 2008 entered into between the Purchaser and the Vendor relating to the sale and purchase of the Sale Shares and the assignment of the Debt
“Beijing Property”	two portions of shop spaces located on the 1st and 2nd Levels, Buildings Nos. 1,2 and 3, Wan Di Ming Yuan, No. 39 Xi Si Huan Zhong Road, Haiding District, Beijing, the PRC
“Board”	board of the Directors
“Company”	New Times Group Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Agreement
“Consideration”	the aggregate consideration of HK\$49,880,000 for the Disposal
“Debt”	the outstanding shareholders’ loan of HK\$54,286,676 owing from Elegant Pool to the Company as at the date of the Agreement and to be assigned by the Company to the Purchaser pursuant to the Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the Debt on the terms contained in the Agreement
“Elegant Pool”	Elegant Pool Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China

“Purchaser”	Flame High Limited, a company incorporated in the British Virgins Islands, being the purchaser of the Sales Shares and the Debt
“Sale Shares”	100 issued ordinary shares of US\$1.00 each in the capital of Elegant Pool, representing the entire existing issued share capital of Elegant Pool
“Second Instalment”	the balance of the Consideration of HK\$39,880,000 payable by the Purchaser within nine months from the date of payment of the first instalment, together with interests accrued thereon on from day to day and be calculated on a 365 day basis from the date of Completion to the date of payment of the balance of the Consideration of HK\$39,880,000 (both days inclusive) at the rate of 5% per annum
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Powerful Union Limited, a company incorporated in the British Virgin Islands and wholly owned by the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“sq. m.”	square meters
“US\$”	United States dollars
“%”	per cent.

By order of the Board  
**New Times Group Holdings Limited**  
**Cheng Kam Chiu, Stewart**  
*Executive Director*

Hong Kong, 31 December 2008

*As at the date of this announcement, the Board comprises ten Directors, of which four are executive Directors, namely Mr. Tse On Kin, Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Chi Him and Mr. Li Guoping; three non-executive Directors, namely Mr. Pei Cheng Ming, Michael, Mr. Wong Man Kong, Peter and Mr. Chan Chi Yuen; and three independent non-executive Directors, namely Mr. Fung Chi Kin, Mr. Fung Siu To, Clement and Mr. Chiu Wai On.*