

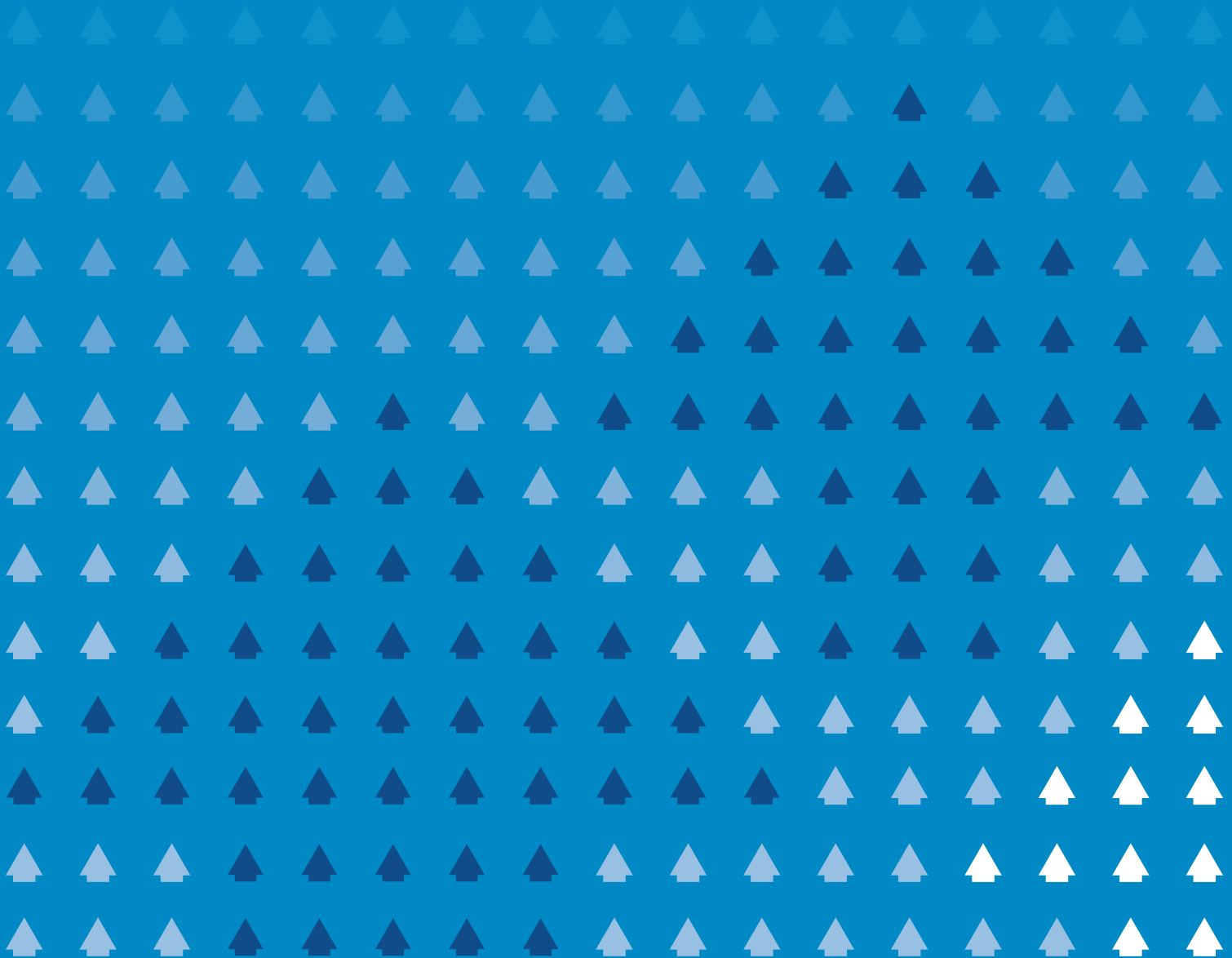
New Times Group Holdings Limited

新時代集團控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 166

2006 Annual Report



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

CCIF 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

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DIRECTOR'S STATEMENT

On behalf of the Board of Directors (the "Board") of New Times Group Holdings Limited (the "Company"), I present herein the audited consolidated results of the Company and its subsidiaries (the "Group") for the nine-month ended 31 December 2006.

GENERAL REVIEW

The Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$26.12 million as compared to the loss of approximately HK\$2.89 million for the twelve months ended 31 March 2006. The increase in loss was mainly due to impairment of goodwill, decrease in fair value of investment properties and impairment loss on doubtful loan and receivables in the period under review. However, the substantial amount of net loss was of exceptional and non-recurring nature.

Carrying amount of goodwill approximately HK\$10.20 million as at 31 December 2006 in relation to a subsidiary engaged in property development business was based on a business valuation by independent business valuer. Impairment of goodwill for approximately HK\$6.52 million was charged to the Income Statement for the nine months ended 31 December 2006.

The unsecured loans and receivables for HK\$14.62 million bearing interest at Hong Kong dollar prime rate per annum granted in the financial year 2005 were overdue. Although the Board is negotiating with the borrowers for the recovery of these loans, it is prudent to make a full provision against these loans.

Loss per share for the period under review was HK5.66 cents (year ended 31 March 2006: HK0.67 cents) and the Board does not recommend any final dividends for this financial year (year ended 31 March 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 31 December 2006, turnover of the Group was amounted to HK\$90.18 million (year ended 31 March 2006: HK\$5.40 million) and the loss attributable to equity shareholders of the Company were HK\$26.12 million (year ended 31 March 2006: HK\$2.89 million). The current results only covered nine months ended 31 December 2006. Increase in turnover for the period was resulted from the Group had diversified its business from property investment and development business and commenced zinc ore concentrate and zinc ingots trading business in October 2006.

Review of Business Operations

Property Investments and Development

Gross rental income in certain commercial properties in Beijing, PRC for the nine months ended 31 December 2006 amounted to HK\$3.49 million (year ended 31 March 2006: HK\$4.54 million). Impairment loss on doubtful receivables of long outstanding rental for HK\$7.64 million was charged to the Income Statement for the period under review on prudent basis. However, management of the Company is negotiating with debtors for the recovery of these receivables.

The pre-sale of the Group's development site in Shenzhen received a satisfactory response during the period under review. Sales deposit of HK\$35.34 million was recorded as at 31 December 2006 (at 31 March 2006: HK\$22.08 million) and the construction was progressing according to schedule.

DIRECTOR'S STATEMENT (Continued)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Review of Business Operations (Continued)

Investments and Financial Services

The Group further downsized the investment and financial services business. In this connection, the Group had disposed all financial assets at fair value through profit and loss within the period under review. Gain on disposal of financial assets for the nine months ended 31 December 2006 amounted approximately HK\$0.34 million (year ended 31 March 2006: loss of HK\$1.4 million).

Interest income derived from provision of financial services business for the nine months ended amounted to HK\$0.76 million (year ended 31 March 2006: HK\$0.86 million).

Zinc ore concentrate and zinc ingots business

The Group commenced zinc ore concentrate and ingots trading business in October 2006. Turnover for the nine months ended 31 December 2006 amounted to HK\$85.94 million with a gross profit for HK\$4.55 million.

PROSPECTS

With the improvement in the macroeconomic outlook of Mainland, the official appreciation of the Renminbi, the urbanization program implemented by the Beijing municipal government and continually maturing market policies as well as the coming 2008 Olympics and 2010 World Expo, the management sees the PRC property market would grow steadily in the future. When opportunities arise and at reasonable terms, the management may dispose part of 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.

Zinc production and consumption in the PRC have increased significantly in recent years in line with the economic growth. The Group has commenced Zinc ore concentrate and zinc ingots trading business since October 2006. The Group expects to set up joint-ventures or wholly owned subsidiaries to strengthen the Group's sale network in the PRC. The Group is also seeking further business opportunity in the mining, ore processing, smelting and refining operation of Zinc. The Directors expect that zinc business will bring a high return and attribute to the performance of the Group in the coming year.

DIRECTOR'S STATEMENT (Continued)

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure, liquidity and financial resources

As at 31 December 2006, the net asset value of the Group is approximately HK\$144.28 million (at 31 March 2006: HK\$133.43 million) and the total cash and bank balances is approximately HK\$14.75 million. (at 31 March 2006: HK\$1.72 million).

As at 31 December 2006, bank loan of approximately HK\$9.97 million were dominated in Renminbi ("RMB"), bearing interest at 7.839% per annum and were secured by certain of the Group's leasehold land and land use rights in Mainland China with a net book value of approximately HK\$37.69 million. As at 31 December 2006, the gearing ratio is 7% (total bank borrowings to shareholders' equities) (at 31 March 2006: 8%) and interest expenses is about HK\$0.80 million (12 months ended 31 March 2006: HK\$0.97 million).

Contingent liability

During the period under review, the Group did not have any material contingent liabilities as at 31 December 2006 (at 31 March 2006: Nil).

Capital investments and commitments

During the period under review, 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 31 December 2006, the Group had capital commitment in respect of the construction cost in relation to certain industrial land in Shenzhen, PRC amount to HK\$60.30 million (at 31 March 2006: HK\$54.50 million).

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.

Foreign exchange and interest rate exposure

The Group does not currently have any hedging activities against its foreign exchange exposure nor does adopt any formal hedging policies. Revenue and incurred costs of the Group are mainly denominated in Hong Kong Dollar and Renminbi and the directors consider the impact of foreign exchange of the Group will be minimal and the management will closely monitor the fluctuation in this currency and take appropriate actions when condition arises.

DIRECTOR'S STATEMENT (Continued)

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Employment, training and remuneration policy

As at 31 December 2006, the Group's operations engaged a total of about 15 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. During the period, no share option was granted to any director or employee of the group. 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.

ACKNOWLEDGEMENTS

On behalf of the directors, I would like to express my heartfelt thanks to our shareholders for their continued support and to our staff for their valuable contributions in the past. We will carry on dedicating our efforts towards the Group's long term development.

Wu Jian Feng

Executive Director

Hong Kong
25 April, 2007

CORPORATE GOVERNANCE REPORT

The Board of the Directors (the "Board") is pleased to present this Corporate Governance Report in the Company Annual Report for the nine months ended 31 December 2006.

The Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") as promulgated by The Stock Exchange of Hong Kong Limited ("Stock Exchange") came into effect for accounting period commencing on 1st January 2005 (save for the provisions on internal controls which came into effect for accounting periods commencing from 1st July 2005 onwards.)

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") as set out in the CG Code. Throughout the year under review, the Company has complied with the Code Provisions, save for the deviation from Code Provision A.2.1, A.4.1 and A.4.2 which are explained in the relevant paragraph in this report.

The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

CORPORATE GOVERNANCE

In the opinion of the directors, saved as disclosed below, the Company has complied with the Code Provisions set out in the CG Code contained in Appendix 14 of the Listing Rules throughout the nine months ended 31 December 2006.

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 Board does not have any director with the title "Chairman" and any office with the title "chief executive officer". Presently the Company Secretary is responsible to ensure that all directors are properly briefed, either by him or members of the Company's senior management, on issues arising at board meetings. Whereas, management of the Company is responsible to ensure all directors have received adequate, complete and reliable information in a timely manner. The Board considers that the current structure facilitates the execution of the Group business strategies and maximizes effectiveness of its organization. The Board shall nevertheless review the structure from time to time to ensure appropriate move being taken should suitable circumstances arise.

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 annual general meeting of the Company.

CORPORATE GOVERNANCE REPORT (Continued)

CORPORATE GOVERNANCE *(Continued)*

Code Provision A.4.2

This code stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the present Bye-laws of the Company ("Bye-laws"), directors who are appointed to fill a casual vacancy only required to be re-elected at the next annual general meeting. Moreover, the chairman of the Board and/or the managing director of the Company are not subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. These constitute deviation from the code provision A.4.2 of the Code.

THE BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic, decisions and performances. The senior management was delegated the authority and responsibilities by the Board of the day-to-day management and operations of the Group. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management.

All directors have full and timely access to all relevant information in relation to the Company as well as the advice and services of the Company Secretary, if and when required, with a view ensuring that the Board procedures and all applicable rules and regulations are followed.

There are established procedures for directors to seek independent professional advice for them to discharge their duties and responsibilities, where appropriate at the Company's expenses.

Composition

The Board currently comprises two executive directors, two non-executive directors and three independent non-executive directors from different business and professional fields. The directors, including non-executive directors and independent non-executive directors, have brought a wide spectrum of valuable business and professional expertise, experiences and independent judgement to the Board for its efficient and effective delivery of the Board function.

CORPORATE GOVERNANCE REPORT (Continued)

THE BOARD OF DIRECTORS (Continued)

Composition (Continued)

The Board of the Company comprises the following directors:

Executive Directors:

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 *(Chairman of Remuneration Committee and member of Audit Committee)*

Mr. Qian Zhi Hui *(Member of Audit and Remuneration Committee)*

Mr. Chiu Wai On *(Chairman of Audit Committee and member of Remuneration Committee)*

The profiles of each director are set out in the "Biographical Details of Directors" section in this Annual Report.

Due to the resignation of Mr. Law Fei Shing, Mr. Tse On Po, Vincent and Ms. Ho Pui Man, the Company had only appointed two independent non-executive directors and audit committee members, Mr. Fung Chi Kin and Mr. Qian Zhi Hui on 25 October 2006. Thereafter, Mr. Chiu Wai On was appointed as an independent non-executive director and audit committee member with effect from 6 November 2006. Except for this the Board had met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one professional qualification, or accounting or related financial management expertise during the nine months ended 31 December 2006.

The Company has received written annual confirmation from each independent non-executive director of their independence pursuant to the requirements of Rules 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independence in accordance with the independence guidelines set out in the Listing Rules.

Induction for Directors

Each newly appointed director will receive comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has proper understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to directors whenever necessary. The directors are continually updated with legal and regulatory developments, and business and market changes to facilitate the discharge of the responsibilities.

CORPORATE GOVERNANCE REPORT (Continued)

THE BOARD OF DIRECTORS *(Continued)*

Board and Board Committee Meetings

Number of Meetings and Directors' Attendance

Regular Board meetings are held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. The Board met 3 times during the nine months ended 31 December 2006.

Practices and Conduct of Meetings

Notices of regular Board meetings are served to all directors at least 14 days before the meetings while reasonable notice is generally given for other Board meetings. For committee meetings, notices are served in accordance with the required notice period stated in the relevant terms of reference.

Agenda and Board papers together with all appropriate, complete and reliable information are normally sent to all directors before each Board meeting to keep the directors apprised to the latest developments and financial position of the Company and to enable them to make informed decisions. All directors are given the opportunity to include matters in the agenda for regular Board meetings. The Board and each director also have separate and independent access to senior management whenever necessary.

Minutes of all Board meetings sufficient details of matters considered and decisions reached are kept by the secretary of the meetings are open for inspection by the directors.

CORPORATE GOVERNANCE REPORT (Continued)

THE BOARD OF DIRECTORS (Continued)

Board and Board Committee Meetings (Continued)

Number of Meetings and Directors' Attendance (Continued)

Practices and Conduct of Meetings (Continued)

The attendance of individual members of the Board and other Board Committees meetings during the nine months ended 31 December 2006 is set out in the table below:

Name of Directors	Full Board	Meetings attended/held		AGM
		Executive Board**	Audit Committee	
<i>Executive directors</i>				
Mr. Wu Jian Feng (Appointed on 25 October 2006)	2/3	7/14	N/A	0/1
Mr. Zhang Cheng Jie (Appointed on 25 October 2006)	2/3	7/14	N/A	0/1
Mr. Liu Ji Cheng (Resigned on 10 May 2006)	0/3	2/14	N/A	0/1
Mr. Lam Kwan Sing (Resigned on 25 October 2006)	1/3	7/14	N/A	1/1
<i>Non-executive director</i>				
Mr. Chan Chi Yuen (Appointed as chairman and executive director on 10 May 2006 and redesignated on 25 October 2006)	3/3	5/14	N/A	1/1
Mr. Chan Chung Yin, Victor (Appointed on 25 October 2006)	2/3	N/A	N/A	0/1
Ms. Huang Ning (Resigned on 10 May 2006)	0/3	N/A	N/A	0/1
<i>Independent non-executive directors</i>				
Mr. Fung Chi Kin (Appointed on 25 October 2006)	2/3	N/A	1/2	0/1
Mr. Qian Zhi Hui (Appointed on 25 October 2006)	2/3	N/A	1/2	0/1
Mr. Chui Wai On (Appointed on 6 November 2006)	2/3	N/A	1/2	0/1
Ms. Ho Pui Man (Resigned on 25 October 2006)	1/3	N/A	1/2	1/1
Mr. Tse On Po, Vincent (Resigned on 25 October 2006)	1/3	N/A	1/2	1/1
Mr. Law Fei Shing (Resigned on 25 October 2006)	1/3	N/A	1/2	1/1

** comprises all executive directors of the Company

CORPORATE GOVERNANCE REPORT (Continued)

THE BOARD OF DIRECTORS (Continued)

Board and Board Committee Meetings (Continued)

Board Committees

The Board has established 3 committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference.

The majority of the members of each Board committees are independent non-executive directors. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors of the Company, namely Mr. Fung Chi Kin, Mr. Qian Zhi Hui and Mr. Chiu Wai On. Mr. Fung Chi Kin is the Chairman of the Remuneration Committee.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/ her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee did not hold any committee meeting during the nine months ended 31 December 2006.

Audit Committee

Pursuant to the requirements of the Corporate Governance Code and Listing Rule 3.21, the Company has established an Audit Committee, comprising three independent non-executive directors of the Company, namely Mr. Fung Chi Kin, Mr. Qian Zhi Hui and Mr. Chiu Wai On. Mr. Chiu Wai On is the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the followings:

- (a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer (if any), internal auditor (if any) or external auditors before submission to the Board.

CORPORATE GOVERNANCE REPORT (Continued)

THE BOARD OF DIRECTORS (Continued)

Board and Board Committee Meetings (Continued)

Audit Committee (Continued)

- (b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of management, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.
- (c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the nine months ended 31 December 2006 to review the financial results and report of the Company.

Nomination Committee

The Nomination Committee comprises three independent non-executive directors of the Company, namely Mr. Fung Chi Kin, Mr. Qian Zhi Hui and Mr. Chiu Wai On. Mr. Fung Chi Kin is the chairman of the Nomination Committee.

The main duties of the Nomination Committee include the followings:

- (a) To review the criteria and procedures of selection of directors and senior management members, and provide suggestions;
- (b) To conduct extensive search for qualified candidates of directors and senior management members; and
- (c) To access the candidates for directors and senior management members and provide the relevant recommendations.

The Nomination Committee did not hold any committee meeting during the nine months ended 31 December 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the nine months ended 31 December 2006.

The Company also has adopted a code of conduct governing securities transactions by employees who may possess or have access to price sensitive information.

CORPORATE GOVERNANCE REPORT (Continued)

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Group and have adopted the accounting principles generally accepted in Hong Kong and compiled with the requirements of Hong Kong Financial Reporting Standards which also include Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. As at 31 December 2006 directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the Company on a going-concern basis.

The reporting responsibilities of the Company's independent auditors are set out in the Report of Auditors on page 24 to 25.

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company in respect of audit services for the nine months ended 31 December 2006 amounted to HK\$350,000.

There was no non-audit service rendered to the Company by its external auditors during the year under review.

INVESTOR RELATIONS AND COMMUNICATIONS

To promote the relationship between the Company and investor and to enhance the transparency of the operation of the enterprise, the Board is committed to providing clear and updated information on the Company to shareholders through the publication of notices, circulars, interim and annual reports to shareholders.

INTERNAL CONTROL

The Board, recognizing its overall responsibility in ensuring the system of internal controls of the Company and for reviewing its effectiveness, is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the assets of the Group.

The Company has maintained a tailored governance structure with defined lines of responsibility and appropriate delegation of responsibility and authority to the senior management.

The management is responsible for establishing the Group's internal control framework, covering all material controls including financial, operational and compliance controls. The internal control framework also provides for identification and management of risk.

During the period under review, the Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system and all material controls including financial, operational, compliance controls and risk management functions.

The Board reviews the effectiveness of the Group's material internal controls. Based on the information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

The Board is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature, and complexity of the Group's business. The situation will be review from time to time.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wu Jian Feng, aged 35, was appointed as an executive director on 25 October 2006. Mr. Wu holds a bachelor degree in Engineering from Yunnan Industry Institute and is an Economist by profession. Mr. Wu had worked in Yunnan Geology and Mineral Bureau before he joined the Company. In 1995, he starts his career in non-ferrous industry in PRC. He has more than ten years experience in non-ferrous metal and zinc industry and trading.

Mr. Zhang Cheng Jie, aged 59, was appointed as an executive director on 25 October 2006. Mr. Zhang has extensive experience in zinc industry for more than twenty eight years. He graduated from Liaoning Radio and TV University with profession in Senior Engineer in Metallurgical Engineering. Prior to joining the Company, he was a director of Huludao Nonferrous Metals Group Company Limited where he obtained useful management and technological knowledge and skills.

NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Yuen, aged 41, holds a bachelor degree with honours in Business Administration and is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Accountants. Mr. Chan is a practicing certified public accountant and holds directorship in various listed companies in Hong Kong. He has extensive experience in accounting, taxation, financial management, corporate finance and corporate governance. Mr. Chan joined the Group in May 2006.

Mr. Chan Chung Yin, Victor, aged 46, was appointed as a non-executive director on 25 October 2006. Mr. Chan is a Qualified Solicitor of the High Court of Hong Kong since 1991 and has over 14 years of experience in corporate and commercial law. He is currently a partner of Tang, Wong & Cheung. He had been an independent non-executive director of Ever Fortune International Holdings Limited (Formerly known as First Dragoncom Agro-Strategy Holdings Limited) from July 2005 to September 2005.

BIOGRAPHICAL DETAILS OF DIRECTORS (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fung Chi Kin, aged 57, was appointed as independent non-executive director on 25 October 2006. Mr. Fung is the Permanent Honorary President of The Chinese Gold & Silver Exchange Society, the International Advisor of Shanghai Gold Exchange and Director of Fung Chi Kin Consulting Limited. He was an executive director of Yanion International Holdings Limited from January 2005 to February 2006. He also acts as independent non-executive director of two listed companies in Hong Kong namely Chaoda Modern Agriculture (Holdings) Limited and Emperor Capital Group Limited. Mr. Fung has over 30 years of experience in banking and finance business. Prior to his retirement, he was the Director and Deputy General Manager of Po Sang Bank Limited (merged into Bank of China (Hong Kong) in 2001), Managing Director of BOCI Securities Limited and Chief Administration Officer of BOC International Holdings Limited. From October 1998 to June 2000, Mr. Fung served as the Council Member of First Legislative Council of the HKSAR. He also held important office in various public organizations, namely President of The Chinese Gold & Silver Exchange Society, Vice Chairman of The Stock Exchange of Hong Kong Limited, Director of the Hong Kong Futures Exchange, Director of Hong Kong Securities Clearing Company Limited and Hong Kong Affairs Advisor.

Mr. Qian Zhi Hui, aged 44, was appointed as independent non-executive director on 25 October 2006. Mr. Qian graduated from Jilin Normal University. He has a Master degree in Procedural Law from Southwest University of Political Science and Law and has more than twelve years' experience in legal professional in the PRC. He joined China National Native Produce & Animal By-products Import & Export Corporation, Guangdong Province, as chief legal advisor in 1988. Mr. Qian joined Guangzhou King Pound Law Firm as lawyer in 1993 and is currently a partner of Guangdong Justwin Law firm.

Mr. Chiu Wai On, aged 37, appointed as independent non-executive director on 6 November 2006. Mr. Chiu is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Chiu possesses 10 years of professional experience in accounting and auditing services.

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

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

ASSETS AND LIABILITIES

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

Name of shareholder	Notes	Capacity and Nature of Interest	Number of ordinary share held	Percentage of the Company's issued share capital
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

INDEPENDENT AUDITOR'S REPORT



CCIF

CCIF CPA LIMITED

20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF **NEW TIMES GROUP HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of New Times Group Holdings Limited (the "company") set out on pages 26 to 80, which comprise the consolidated and company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the period from 1 April 2006 to 31 December 2006, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2006 and of the group's loss and cash flows for the period from 1 April 2006 to 31 December 2006 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited

Certified Public Accountants
Hong Kong, 25 April 2007

Chan Wai Dune, Charles

Practising Certificate Number P00712

CONSOLIDATED INCOME STATEMENT

For the Period from 1 April 2006 to 31 December 2006

	Note	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Continuing operations:			
Turnover	4(a)	90,181	5,400
Cost of sales		(81,387)	–
Gross profit		8,794	5,400
Other revenue		3,020	2,678
Fair value change on investment properties	14	(1,200)	(943)
Administrative expenses		(4,111)	(6,036)
Other operating expenses		(30,554)	(1,431)
Loss from operations	6	(24,051)	(332)
Finance costs	8	(804)	(967)
Loss before income tax from continuing operations		(24,855)	(1,299)
Income tax	9	(1,262)	(454)
Loss for the period/year from continuing operations		(26,117)	(1,753)
Discontinued operation:			
Loss for the period/year from discontinued operation	5	–	(1,139)
Attributable to equity shareholders of the Company		(26,117)	(2,892)
Dividends	11	–	–
Loss per share (basic and diluted)			
– continuing operations	12	(5.66 cents)	(0.41 cents)
– discontinued operation	12	–	(0.26 cents)
		(5.66 cents)	(0.67 cents)

CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	Note	31/12/2006 HK\$'000	31/3/2006 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2	93
Investment properties	14	77,300	75,812
Goodwill	15	10,200	16,723
		87,502	92,628
CURRENT ASSETS			
Loan and receivables, unsecured	16	-	12,642
Properties held for/under development for sale	18	61,823	54,536
Trade receivables	19	31,915	3,855
Financial assets at fair value through profit or loss	20	-	1,315
Prepayments, deposits and other receivables		24,693	17,720
Cash and cash equivalents	21	14,754	1,724
		133,185	91,792
CURRENT LIABILITIES			
Bank loan and other borrowing	22	9,965	11,159
Deposit received		35,769	22,497
Trade payables		10,723	-
Finance lease payables	23	-	92
Other payables and accrued liabilities		15,968	14,413
Tax payable		2,697	1,441
		75,122	49,602
NET CURRENT ASSETS		58,063	42,190
TOTAL ASSETS LESS CURRENT LIABILITIES		145,565	134,818
NON-CURRENT LIABILITIES			
Finance lease payables	23	-	107
Deferred tax	24	1,286	1,286
		1,286	1,393
NET ASSETS		144,279	133,425
CAPITAL AND RESERVES			
Share capital	25	55,631	43,330
Reserves		88,648	90,095
TOTAL EQUITY		144,279	133,425

Approved and authorised for issue by the board of directors on 25 April 2007

Wu Jian Feng
Director

Zhang Cheng Jie
Director

BALANCE SHEET

As at 31 December 2006

	Note	31/12/2006 HK\$'000	31/3/2006 HK\$'000
NON-CURRENT ASSETS			
Interest in subsidiaries	17	90,307	180,162
CURRENT ASSETS			
Prepayments, deposits and other receivables		245	174
Cash and cash equivalents	21	5,310	1,186
		5,555	1,360
CURRENT LIABILITIES			
Other payables and accrued liabilities		1,282	1,121
Other borrowing	22	-	1,501
		1,282	2,622
NET CURRENT ASSETS/(LIABILITIES)			
		4,273	(1,262)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		94,580	178,900
NON-CURRENT LIABILITIES			
Amounts due to subsidiaries	17	25,951	25,951
NET ASSETS			
		68,629	152,949
CAPITAL AND RESERVES			
Share capital	25	55,631	43,330
Reserves	26	12,998	109,619
TOTAL EQUITY			
		68,629	152,949

Approved and authorised for issue by the board of directors on 25 April 2007

Wu Jian Feng
Director

Zhang Cheng Jie
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Period from 1 April 2006 to 31 December 2006

	Share capital HK\$'000	Convertible notes equity reserve HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Investment property revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits/ losses) (Accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2005								
- as previously reported	43,330	-	94,471	9,585	2,999	-	(14,541)	135,844
- prior period adjustment in respect of a change in the accounting policy on leasehold land under HKAS 17	-	-	-	-	-	-	105	105
	43,330	-	94,471	9,585	2,999	-	(14,436)	135,949
- Opening adjustment for the adoption of HKAS 40 in respect of investment property	-	-	-	-	(2,999)	-	2,527	(472)
- as restated	43,330	-	94,471	9,585	-	-	(11,909)	135,477
Exchange translation difference	-	-	-	-	-	840	-	840
Loss for the year	-	-	-	-	-	-	(2,892)	(2,892)
At 31 March 2006	<u>43,330</u>	<u>-</u>	<u>94,471*</u>	<u>9,585*</u>	<u>-*</u>	<u>840*</u>	<u>(14,801)*</u>	<u>133,425</u>
At 1 April 2006	43,330	-	94,471	9,585	-	840	(14,801)	133,425
Recognition of equity component of convertible notes	-	1,201	-	-	-	-	-	1,201
Shares issued under convertible notes	3,031	(1,201)	1,969	-	-	-	-	3,799
Shares issued under placement	9,270	-	22,638	-	-	-	-	31,908
Exchange translation difference	-	-	-	-	-	63	-	63
Loss for the period	-	-	-	-	-	-	(26,117)	(26,117)
At 31 December 2006	<u>55,631</u>	<u>-</u>	<u>119,078*</u>	<u>9,585*</u>	<u>-*</u>	<u>903*</u>	<u>(40,918)*</u>	<u>144,279</u>

* These reserve accounts comprise the consolidated reserves of HK\$88,648,000 (at 31 March 2006: HK\$90,095,000) in the consolidated balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

For the Period from 1 April 2006 to 31 December 2006

Note	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Operating activities		
Loss before income tax from continuing operations	(24,855)	(1,299)
Depreciation on property, plant and equipment	37	179
Fair value change on investment properties	(1,200)	943
Finance costs	804	967
Interest income	(817)	(861)
Gain on disposal of property, plant and equipment, net	(142)	14
(Gain)/loss on disposal of financial assets at fair value through profit or loss	(335)	1,408
Impairment loss on goodwill	6,523	–
Impairment loss on loan and receivables and accrued interest, unsecured	14,620	–
Impairment loss on trade receivables	7,642	–
Written off of property, plant and equipment	–	9
Unrealised gain on financial assets at fair value through profit or loss	–	(120)
Unrealised exchange difference	(288)	–
	1,989	1,240
Operating profit before working capital changes		
Increase in properties held for/under development for sale	(7,287)	(10,855)
Increase in trade receivable	(35,702)	(2,012)
Increase in prepayments, deposits and other receivables	(8,951)	(16,305)
Increase in deposit received	13,272	22,088
Increase in trade payables	10,723	–
Increase/(decrease) in other payables and accrued liabilities	1,555	(4,568)
	(24,401)	(10,412)
Cash used in operations		
Finance costs	(804)	(967)
Interest received	817	861
Hong Kong profits tax paid	(6)	–
	(24,394)	(10,518)
Net cash used in operating activities		

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the Period from 1 April 2006 to 31 December 2006

	Note	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Investing activities			
Proceeds from disposal of property, plant and equipment		196	–
Proceeds from disposal of financial assets at fair value through profit or loss		1,650	644
Net cash from investing activities		1,846	644
Financing activities			
Loans borrowed		307	11,159
Repayment of bank and other borrowings		(1,501)	–
Capital element of finance lease rental payments		(199)	(93)
Share issued		37,445	–
Share issue expenses		(537)	–
Net cash from financing activities		35,515	11,066
Net cash from continuing operations		12,967	1,192
Net cash used in discontinued operation	5	–	(1,139)
Increase in cash and cash equivalents		12,967	53
Cash and cash equivalents at the beginning of the period/year		1,724	2,583
Effect of foreign exchange rate changes		63	(912)
Cash and cash equivalents at the ended of the period/year	21	14,754	1,724

NOTES TO THE FINANCIAL STATEMENTS

For the Period from 1 April 2006 to 31 December 2006

1. GENERAL INFORMATION

New Times Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in property investment, provision of financial services and commodities trading.

The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are set out below.

a) Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited ("Stock Exchange"). They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value as further explained in notes 2(d) and 2(e) to the financial statements.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of Preparation (Continued)

Standards, amendments and interpretations effective in 2006 but not relevant for the Group's operations.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

- HKAS 19 Amendment – Employee Benefits
- HKAS 21 Amendment – New Investment in a Foreign Operation
- HKAS 39 Amendment – Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- HKAS 39 Amendment – The Fair Value Option
- HKAS 39 and IFRS 4 Amendment – Financial Guarantee Contracts
- HKFRS 6, Exploration for and Evaluation of Mineral Resources
- HKFRSs 1 & 6 Amendments – First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
- HKFRS-Int 4, Determining whether and Arrangement contains a Lease
- HKFRS-Int 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds and
- HK(IFRIC)-Int 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of Preparation (Continued)

New or revised HKFRSs and interpretations that are not yet effective

The HKICPA has issued the following new or revised HKFRSs and interpretations which are not yet effective for the period ended 31 December 2006 and may be relevant to the Group's operations:

	Effective for accounting periods beginning on or after
HK(IFRIC)-Int 7, Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies	1 March 2006
HK(IFRIC)-Int 8, Scope of HKFRS 2	1 May 2006
HK(IFRIC)-Int 9, Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC)-Int 11, HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HK(IFRIC)-Int 12, Service Concession Arrangements	1 January 2008
HKFRS 7, Financial Instruments: Disclosures	1 January 2007
HKFRS 8, Operating Segments	1 January 2009
(Amendment) to HKAS 1, Presentation of Financial Statements: Capital Disclosures	1 January 2007

The Group has not early adopted the above standards, interpretations and amendments in the financial statements for the nine months ended 31 December 2006. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to Group's accounting policies and presentation of the financial statements will be resulted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing controls, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

c) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognized immediately in profit or loss.

On disposal of a cash generating unit, an associate or a jointly controlled entity during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Other Investments in Debt and Equity Securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investment in debt and equity securities are initially stated at cost, which is their transaction price less fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognized in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in profit or loss.

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortized cost less impairment losses.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognized in the balance sheet at cost less impairment losses.

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized directly in equity, except foreign exchange gains and losses in respect of monetary items such as debt securities which are recognized directly in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss. When these investments are derecognized or impaired, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss.

Investments are recognized/derecognized on the date the Group commits to purchase/sell the investments or they expire.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Investment Properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognized in profit or loss.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property at fair value. Any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to the residual values of respective property, plant and equipment over their estimated useful lives, as follows:

Buildings	2.2%
Leasehold improvements	over the unexpired period of the lease
Furniture and office equipment	20%
Motor vehicles	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

g) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating lease that would otherwise meet the definition of an investment property is classified as an investment property, is accounted for as if held under a finance lease; and

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Leases (Continued)

(i) Classification of assets leased to the Group (Continued)

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operation lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance lease. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where write it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(h). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(e)).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognized as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

- For available-for-sale securities, the cumulative loss that has been recognized directly in equity is removed from equity and is recognized in profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversals of impairment losses in such circumstances are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- investments in subsidiaries, associates and joint ventures (except for those classified as held for sale (or included in a disposal group that is classified as held for sale); and
- goodwill.

(iii) Impairment of other assets

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of assets (Continued)

(iii) Impairment of other assets (Continued)

- Calculation of recoverable amount

The recoverable amount of an asset is greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined or the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior year. Reversals of impairment losses are credited to profits or loss in the year in which the reversals are recognized.

i) Properties held for/under development for sale

Inventories in respect of properties under development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

- Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Properties held for/under development for sale (Continued)

- Completed property held for sales

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

j) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

k) Loan and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

l) Convertible notes that contain an equity component

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principle payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversions option. Any excess of proceeds over the amount initially recognized as the liability component is recognized as the equity component. Transaction costs that related to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) **Convertible notes that contain an equity component** (Continued)

The liability component is subsequently carried at amortised cost. The interest expense recognized in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognized in the capital reserve until either the notes is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

m) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

n) **Interest-bearing borrowings**

Interest-bearing borrowings are recognized initially at fair values less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

o) **Trade and other payables**

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment of settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Scheme Ordinance, are recognized as an expense in the income statement as incurred, except to the extent that they are included in the cost of intangible assets and inventories not yet recognized as an expense.

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expenses is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognized in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized directly in equity, in which case they are recognized in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provide those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) **Income tax** (Continued)

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sale of goods

Revenue is recognized when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Sale of properties

Revenue arising from the sale of properties held for sale is recognized upon the signing of the sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheet under forward sales deposits and installments received.

(iii) Rental income from operating lease

Rental income receivable under operating lease is recognized in profit or loss in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(iv) Interest income

Interest income is recognized as it accrues using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognized directly in equity.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognized directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognized in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

t) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are included, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Related Parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercised significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment. The Group will revise the depreciation charge where useful lives and residual values are different to previous estimates, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

b) Investment properties

The fair values of investment properties are determined by independent valuers on an open market basis.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalization rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

c) Impairment of goodwill and other assets

The Group tests annually whether goodwill and other assets has suffered any impairment in accordance with accounting policies stated in note 2(h). Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

d) Estimate of impairment of properties under development

Properties under development are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell and value in use of the properties under development. Management makes judgments on whether such events or changes in circumstances have occurred, and makes estimates in determining the recoverable amount.

e) Estimated impairment of receivables

The Group tests annually whether receivables have suffered any impairment in accordance with the accounting policy stated in note 2(h) and make provisions for impairment accordingly.

f) Estimate of fair value of financial assets at fair value through profit or loss

If information on current or recent prices of financial assets at fair value through profit or loss is not available, the fair values of financial assets at fair value through profit or loss are determined using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

g) Taxation

The Group is subject to various taxes in the People's Republic of China ("PRC"). Significant judgment is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

4. TURNOVER AND SEGMENT INFORMATION

- a) Turnover recognized during the period/year are as follows:

	Group	
	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Turnover		
Rental income	3,487	4,542
Provision of financial services	757	858
Trading of zinc ore concentrate and zinc ingots	85,937	–
	90,181	5,400

- b) Operating lease arrangement

The Group leases out investment properties under lease terms generally in the range of three to five years.

As at 31 December 2006, the future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	Group	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Not later than one year	4,368	4,580
Later than one year but not later than five years	1,227	4,146
	5,595	8,726

- c) A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments as the secondary reporting format. The continuing operations of the Group is organised into three main business segments, namely property investment, provision of financial services and trading of zinc ore concentrate and zinc ingots, and are located in Mainland China and Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

4. TURNOVER AND SEGMENT INFORMATION (Continued)

Primary reporting format - business segments

	1/4/2006 - 31/12/2006			Total HK\$'000
	Property investment HK\$'000	Provision of financial services HK\$'000	Trading of zinc ore concentrate and zinc ingots HK\$'000	
Segment revenue				
Sales and services to external customers	3,487	757	85,937	90,181
Other revenue	2,766	338	6	3,110
Total	<u>6,253</u>	<u>1,095</u>	<u>85,943</u>	<u>93,291</u>
Segment results	<u>(6,270)</u>	<u>(20,544)</u>	<u>3,181</u>	<u>(23,633)</u>
Unallocated income				-
Unallocated costs				(418)
Loss from operation				(24,051)
Finance costs				(804)
Loss before income tax from continuing operations				(24,855)
Income tax expenses				(1,262)
Loss for the period from continuing operations				(26,117)
Loss for the period from discontinued operation				-
Loss for the period				<u>(26,117)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

4. TURNOVER AND SEGMENT INFORMATION (Continued)

Primary reporting format - business segments (Continued)

	1/4/2006 - 31/12/2006			Total HK\$'000
	Property investment HK\$'000	Provision of financial services HK\$'000	Trading of of zinc ore concentrate and zinc ingots HK\$'000	
Segment assets	161,424	300	40,458	202,182
Unallocated assets				18,505
Total assets				<u>220,687</u>
Segment liabilities	57,846	1,427	10,548	69,821
Unallocated liabilities				6,587
Total liabilities				<u>76,408</u>
Other segment items information:				
Depreciation and amortisation - unallocated				(37)
Impairment loss for loan and receivables, unsecured - segment	(7,643)	(14,621)	-	(22,264)
Gain on disposal of financial assets at fair value through profit or loss - segment	-	335	-	335

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

4. TURNOVER AND SEGMENT INFORMATION (Continued)

Primary reporting format – business segments (Continued)

	1/4/2005 – 31/3/2006			Discontinued operation Trading of precision components processing equipment HK\$'000
	Continuing operations			
	Property investment HK\$'000	Provision of financial service HK\$'000	Total HK\$'000	
Segment revenue				
Sales and services to external customers	4,542	858	5,400	–
Other revenue	182	121	303	–
	<u>4,724</u>	<u>979</u>	<u>5,703</u>	<u>–</u>
Total	<u>4,724</u>	<u>979</u>	<u>5,703</u>	<u>–</u>
Segment results	<u>2,316</u>	<u>728</u>	3,044	<u>(1,139)</u>
Fair value loss on investment properties			(943)	
Unallocated income			2,375	
Unallocated costs			(4,808)	
Loss from operations			(332)	
Finance costs			(967)	
Loss before income tax from continuing operations			(1,299)	
Income tax expenses			(454)	
Loss for the year from continuing operations			(1,753)	
Loss for the year from discontinued operation			(1,139)	
Loss for the year			<u>(2,892)</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

4. TURNOVER AND SEGMENT INFORMATION (Continued)

Primary reporting format - business segments (Continued)

	1/4/2005 – 31/3/2006			Discontinued operation
	Continuing operations			
	Property investment <i>HK\$'000</i>	Provision of financial service <i>HK\$'000</i>	Total <i>HK\$'000</i>	Trading of precision components processing equipment <i>HK\$'000</i>
Segment assets	150,352	15,543	165,895	1
Unallocated assets			18,525	–
Total assets			<u>184,420</u>	<u>1</u>
Segment liabilities	43,299	2,863	46,162	–
Unallocated liabilities			4,833	–
Total liabilities			<u>50,995</u>	<u>–</u>
Other segment items information:				
Depreciation and amortisation				
– segment	(1,026)	–	(1,026)	
– unallocated	–	–	(179)	
Unrealised gain on financial assets at fair value through profit or loss				
– segment	–	120	120	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

4. TURNOVER AND SEGMENT INFORMATION (Continued)

Secondary reporting format – geographical format

	1/4/2006 – 31/12/2006			Segment Assets HK\$'000
	Turnover HK\$'000	Other Revenues HK\$'000	Total HK\$'000	
Hong Kong	86,694	254	86,948	59,263
Mainland China	3,487	2,766	6,253	161,424
	<u>90,181</u>	<u>3,020</u>	<u>93,201</u>	<u>220,687</u>

	1/4/2005 – 31/3/2006			Segment Assets HK\$'000
	Turnover HK\$'000	Other Revenues HK\$'000	Total HK\$'000	
Hong Kong	858	2,496	3,354	34,068
Mainland China	4,542	182	4,724	150,352
	<u>5,400</u>	<u>2,678</u>	<u>8,078</u>	<u>184,420</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

5. DISCONTINUED OPERATION

The discontinued operation included in the consolidated financial statements is as follows:

	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Turnover	-	-
Cost of sales	-	-
	<hr/>	<hr/>
Gross loss	-	-
Other grains, net	-	30
Administrative expenses	-	(1,169)
	<hr/>	<hr/>
Loss for the period/year	-	(1,139)
	<hr/> <hr/>	<hr/> <hr/>
Net operating cash outflow	-	(1,139)
	<hr/>	<hr/>
Total net cash outflow	-	(1,139)
	<hr/> <hr/>	<hr/> <hr/>
Total assets	-	1
Total liabilities	-	-
	<hr/>	<hr/>
Net assets	-	1
	<hr/> <hr/>	<hr/> <hr/>

Loss for the period/year from discontinued operation is stated after charging the following:

	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Staff costs	-	387
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

6. LOSS FROM OPERATIONS

Loss from operations is stated after crediting and charging the following:

	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Crediting		
Net rental income	3,487	3,747
Interest income	817	861
Gain on disposal of financial assets at fair value through profit or loss	335	–
Unrealised gain on financial assets at fair value through profit or loss	–	120
Gain on disposal of property, plant and equipment	142	–
Exchange gains, net	2,480	758
Charging		
Cost of sales	81,387	–
Depreciation	37	179
Operating lease charges: minimum lease payments – hire of property rental	801	1,014
Auditors' remuneration – audit services	350	380
Staff costs (note 7)	1,088	1,632
Impairment loss on loan and receivables, unsecured	22,264	–
Impairment loss on goodwill	6,523	–
Loss on disposal of property, plant and equipment	–	14
Loss on disposal of financial assets at fair value through profit or loss	–	1,408
Written off of property, plant and equipment	–	9

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

7. STAFF COSTS (INCLUDING DIRECTOR'S EMOLUMENTS)

	Group	
	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Salaries, housing and other allowances, benefits in kind	1,058	1,584
Retirement benefits costs	30	48
	<u>1,088</u>	<u>1,632</u>

a) Directors' emoluments

The aggregate amounts of emoluments paid to the directors of the Company during the period/year are as follows:

	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Salaries, housing and other allowances, benefits in kind	137	–
Retirement benefits costs	–	–
	<u>137</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

7. STAFF COSTS (INCLUDING DIRECTOR'S EMOLUMENTS) (Continued)

a) Directors' emoluments (Continued)

The remuneration of every director for the nine months ended 31 December 2006 is set out below:

	Salaries, housing and other allowances, benefits in kind HK\$'000	Retirement benefits costs HK\$'000	Total HK\$'000
Executive directors			
Mr. Wu Jian Feng	15	–	15
Mr. Zhang Cheng Jie	15	–	15
Non-executive directors			
Mr. Chan Chi Yuen	25	–	25
Mr. Chan Chung Yin, Victor	25	–	25
Independent non-executive directors			
Mr. Fung Chi Kin	25	–	25
Mr. Qian Zhi Hui	15	–	15
Mr. Chui Wai On	17	–	17
	137	–	137

Note: None of the director (year ended 31 March 2006: nil) whose emolument were among the five highest paid individuals in the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

7. STAFF COSTS (INCLUDING DIRECTOR'S EMOLUMENTS) (Continued)

b) Five highest paid individuals

	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Salaries, housing and other allowances, benefits in kind	596	1,086
Retirement benefits costs	35	42
	<hr/> 631 <hr/>	<hr/> 1,128 <hr/>

None of the five individuals with the highest emoluments in the Group for the period were (year ended 31 March 2006: nil) director, whose remuneration are reflected in the analysis above.

During the period, no emolument was paid by the Group to the director or the five highest paid individuals as an inducement to join or upon joining the Group, as compensation for loss of office. No directors waived or agreed to waive any emoluments during the period.

8. FINANCE COSTS

	Group	
	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Interest on bank borrowings wholly repayable within one year	585	511
Interest on other borrowings wholly repayable within one year	11	79
Interest on amounts due to securities dealers	208	359
Interest on finance leases	-	18
	<hr/> 804 <hr/>	<hr/> 967 <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

9. INCOME TAX

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.

The amount of income tax charged to the consolidated income statement represents:

	Group	
	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Hong Kong		
Charge for the period	673	–
Under-provision in prior years	6	–
Elsewhere	583	454
Deferred tax	–	–
	<hr/> 1,262 <hr/>	<hr/> 454 <hr/>

The tax on the Group's loss before income tax from continuing operations differs from the theoretical amount that would arise using the taxation rate of Hong Kong where the Company operates and the difference is set out as follows:

	1/4/2006– 31/12/2006 HK\$'000	1/4/2005– 31/3/2006 HK\$'000
Loss before income tax from continuing operations	(24,855)	(1,299)
Tax at the statutory tax rate of 17.5%	(4,350)	(228)
Higher tax rate of other countries	583	454
Income not subject to tax	(685)	(646)
Expenses not deductible for tax	5,493	1,038
Under-provision in prior years	6	–
Tax losses utilised from previous periods	–	(164)
Tax losses not recognized	215	–
	<hr/> 1,262 <hr/>	<hr/> 454 <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

10. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The loss attributable to equity shareholders of the Company for the nine months ended 31 December 2006 dealt with in the financial statements of the Company, was approximately HK\$26,117,000 (year ended 31 March 2006: HK\$2,892,000).

11. DIVIDENDS

The directors of the Company do not recommend payment of any dividend for the nine months ended 31 December 2006 (year ended 31 March 2006: Nil).

12. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's net loss attributable to equity shareholders on weighted average number of ordinary shares in issue during the period as follows:

	1/4/2006– 31/12/2006 HK\$	1/4/2005– 31/3/2006 HK\$
Net loss for the period/year attributable to the equity shareholders of the Company and losses for the purpose of basic loss per share		
– continuing operations	26,116,706	1,753,000
– discontinued operation	–	1,139,000
	<u>26,116,706</u>	<u>2,892,000</u>
Weighted average number of ordinary shares	<u>461,597,019</u>	<u>433,302,000</u>

As there are no dilutive potential ordinary shares as at 31 December 2006 and 31 March 2006, the dilutive loss per share is equal to the basic loss per share.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Building HK\$'000	Furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1 April 2005				
– As previously reported	39,200	8,255	497	47,952
– effect on adoption of HKAS 17	(39,200)	–	–	(39,200)
	–	8,255	497	8,752
Additions	–	–	–	–
Disposal	–	(69)	–	(69)
At 31 March 2006	<u>–</u>	<u>8,186</u>	<u>497</u>	<u>8,683</u>
Accumulated depreciation				
At 1 April 2005				
– as previously reported	588	8,199	255	9,042
– effect on adoption of HKAS 17	(588)	–	–	(588)
– as restated	–	8,199	255	8,454
Charge for the year	–	17	162	179
Written back on disposal	–	(43)	–	(43)
At 31 March 2006	<u>–</u>	<u>8,173</u>	<u>417</u>	<u>8,590</u>
Net book value				
At 31 March 2006	<u>–</u>	<u>13</u>	<u>80</u>	<u>93</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

	Building HK\$'000	Furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1 April 2006	–	8,186	497	8,683
Additions	–	–	–	–
Disposal	–	(8,140)	(497)	(8,637)
	<u>–</u>	<u>(8,140)</u>	<u>(497)</u>	<u>(8,637)</u>
At 31 December 2006	<u>–</u>	<u>46</u>	<u>–</u>	<u>46</u>
Accumulated depreciation				
At 1 April 2006	–	8,173	417	8,590
Charge for the period	–	11	26	37
Written back on disposal	–	(8,140)	(443)	(8,583)
	<u>–</u>	<u>(8,140)</u>	<u>(443)</u>	<u>(8,583)</u>
At 31 December 2006	<u>–</u>	<u>44</u>	<u>–</u>	<u>44</u>
Net book value				
At 31 December 2006	<u>–</u>	<u>2</u>	<u>–</u>	<u>2</u>

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles at 31 December 2006 amounted to HK\$ nil (at 31 March 2006: HK\$80,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

14. INVESTMENTS PROPERTIES

Group

Fair value

	31/12/2006 HK\$'000	31/3/2006 HK\$'000
At 1 April, as previously reported	75,812	75,472
Effect on adopted of HKAS 40	-	(472)
	75,812	75,000
As restated		
Fair value changes	(1,200)	(943)
Exchange difference	2,688	1,755
	77,300	75,812
At 31 December 2006/31 March 2006	77,300	75,812

The fair value of the Group's investment properties at 31 December 2006 have been arrived at on the basis of a valuation carried out on that date by Chung, Chan & Associates, an independent qualified professional valuer not connected with the Group. Chung, Chan & Associates has appropriate qualifications and recent experiences in the valuation of similar properties. The valuation was arrived on the basis of their market value subject to the existing leases and with reference to market comparables.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

15. GOODWILL

	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Carrying amount		
At 1 April	<u>16,723</u>	<u>16,723</u>
Accumulated impairment losses		
At 1 April	-	-
Impairment for the period/year	<u>(6,523)</u>	<u>-</u>
At 31 December/31 March	<u>(6,523)</u>	<u>-</u>
Net carrying value	<u><u>10,200</u></u>	<u><u>16,723</u></u>

16. LOAN AND RECEIVABLES, UNSECURED

	Group	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Non-current portion	-	-
Current portion	<u>12,642</u>	<u>12,642</u>
	12,642	12,642
Less: Impairment loss for doubtful debts	<u>(12,642)</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>12,642</u></u>

The loan and receivables of HK\$ Nil (at 31 March 2006: HK\$12,642,000) bear interest at the Hong Kong dollar prime rate per annum and are repayable within one year from the dates on which the loans are granted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

17. INTEREST IN SUBSIDIARIES

	Company	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Unlisted shares, at cost	153,153	153,151
Amounts due from subsidiaries	189,154	159,011
	342,307	312,162
Less: Impairment loss	(252,000)	(132,000)
	90,307	180,162
Amounts due to subsidiaries	(25,951)	(25,951)
	64,356	154,211

The balances with the subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration/ and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
New Times Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary HK\$1,000	100%	–	Investment holding
Elegant Pool Limited	British Virgin Islands/ Mainland China	Ordinary US\$100	–	100%	Property investment
Jefta Holding Limited	British Virgin Islands/ Hong Kong	Ordinary US\$100	–	100%	Investment holding/ provision of financial services

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

17. INTEREST IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
New Times Finance Limited	Hong Kong	Ordinary HK\$20	-	100%	Provision of financial services
Richest Legend Limited	Hong Kong	Ordinary HK\$2	-	100%	Provision of administrative and support services
Weiqiu Industrial (Shenzhen) Company Limited	PRC	Ordinary RMB10,000,000	-	100%	Property development
Jumbo Hope Group Limited	Hong Kong	Ordinary HK\$1	-	100%	Trading of zinc ore concentrate and zinc ingots

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

18. PROPERTIES HELD FOR/UNDER DEVELOPMENT FOR SALE

a)

	Group	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Land held for property development for sale	37,692	37,692
Property under development for sale	24,131	16,844
	<u>61,823</u>	<u>54,536</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

18. PROPERTIES HELD FOR/UNDER DEVELOPMENT FOR SALE (Continued)

- b) The analysis of carrying value of land held for property development for sale is as follows:

	Group	
	31/12/2006	31/3/2006
	HK\$'000	HK\$'000
Outside Hong Kong		
– medium-term lease	37,692	37,692

- c) The amount of properties held for/under development for sale recognized as an expenses is HK\$ Nil (at 31 March 2006: HK\$ Nil). All properties held for/under development for sale are expected to be recovered within one year.

At 31 March 2006, the amount of properties held for/under development for sale expected to be recovered after more than one year is HK\$ 54,536,000.

19. TRADE RECEIVABLES

Credit is offered to customers following a financial assessment of the customers or to those customers which have an established payment record. The Group usually allows an average credit period of 90 days to its customers and seeks to maintain strict control over its outstanding receivables. The following is an aged analysis of the trade receivables as at the balance sheet date, based on the invoice date.

	Group	
	31/12/2006	31/3/2006
	HK\$'000	HK\$'000
Less than 90 days	33,304	1,151
91 – 180 days	1,186	1,238
Over 181 days	5,067	1,466
	39,557	3,855
Allowance for bad and doubtful debts	(7,642)	–
	31,915	3,855

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Listed investments, at fair value:		
– Hong Kong	–	1,315
Market value of listed equity investments:		
– At balance sheet date	–	1,315
– At date of report	–	1,315
Carrying amount analysed for reporting purposes as:		
Short term investments	–	–
Financial assets at fair value through profit or loss	–	1,315
	–	1,315

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Cash at bank and in hand	14,754	1,724	5,310	1,186
Cash and cash equivalents in the balance sheet	14,754	1,724	5,310	1,186
Bank overdrafts	–	–		
Cash and cash equivalents in the consolidated cash flow statement	14,754	1,724		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

21. CASH AND CASH EQUIVALENTS (Continued)

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	Group		Company	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Renminbi	<u>882</u>	<u>257</u>	<u>-</u>	<u>-</u>

22. BANK LOAN AND OTHER BORROWING

	Note	Group		Company	
		31/12/2006 HK\$'000	31/3/2006 HK\$'000	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Bank loan, secured	(a)	9,965	9,658	-	-
Other loan, unsecured	(b)	<u>-</u>	<u>1,501</u>	<u>-</u>	<u>1,501</u>
		<u>9,965</u>	<u>11,159</u>	<u>-</u>	<u>1,501</u>

Notes:

(a) Bank loan is repayable as follows:

	Group	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Within 1 year and included in current liabilities	<u>9,965</u>	<u>9,658</u>

The bank loan is bearing interest at 7.839% per annum and will be repayable on 1 April 2007. The balance is secured by the leasehold land included in properties held for/under development for sale of the Group (note 18) and a personal guarantee given from a director of one of the subsidiary of the Company.

(b) Other loan is repayable as follows:

	Group and Company	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Within 1 year and included in current liabilities	<u>-</u>	<u>1,501</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

22. BANK LOAN AND OTHER BORROWING (Continued)

Notes: (Continued)

(c) Convertible notes

On 7 April 2006, the Company issued 5 convertible notes ("the Notes") with a fair value of HK\$1,000,000 each in the aggregate principal amount of up to HK\$5,000,000 and a maturity date of 6 April 2008. Holder of the Notes has the right at any time to convert all or some of the Notes into ordinary shares of the Company, at the conversion price of HK\$0.165 per share, subject to adjustment. The Notes bear interest at 2% per annum and are unsecured.

The Notes were fully converted into ordinary shares during the period, details are referred to note 25(a) to the financial statements.

23. FINANCE LEASE PAYABLES

At 31 December 2006, the total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments 31/12/2006 HK\$'000	Minimum lease payments 31/3/2006 HK\$'000	Present value of minimum lease payments 31/12/2006 HK\$'000	Present value of minimum lease payments 31/3/2006 HK\$'000
Amounts payable:				
Within one year	-	103	-	92
In the second year	-	111	-	107
In the third to fifth years, inclusive	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total minimum finance lease Payments	-	214	<u>-</u>	<u>199</u>
Future finance charges	<u>-</u>	<u>(15)</u>		
Total net finance lease payables	-	199		
Portion classified as current liabilities	<u>-</u>	<u>(92)</u>		
Long term portion	<u>-</u>	<u>107</u>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

24. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

The movements of major deferred tax liability recognised by the Group during the current period and prior years are as follows:

	Investment properties <i>HK\$'000</i>
Group	
At 1 April 2005	1,286
Charged to income statement	—
	<hr/>
At 31 March 2006	1,286
Charged to income statement	—
	<hr/>
At 31 December 2006	<u>1,286</u>

The Group has tax losses arising in Hong Kong of HK\$28,142,000 (at 31 March 2006: HK\$28,142,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 December 2006, there is no significant unrecognised deferred tax liability (at 31 March 2006: HK\$Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

25. SHARE CAPITAL

	<i>Note</i>	Number of Shares	Value HK\$'000
<i>Authorised:</i>			
At 1 April 2005 and 31 March 2006, ordinary shares of HK\$0.10 each		<u>900,000,000</u>	<u>90,000</u>
At 1 April 2006 and 31 December 2006, ordinary shares of HK\$0.10 each		<u>900,000,000</u>	<u>90,000</u>
<i>Issued and fully paid:</i>			
At 1 April 2005 and 31 March 2006 Ordinary shares of HK\$0.10 each		433,302,000	43,330
Shares issued under convertible notes	<i>(a)</i>	30,303,030	3,031
Shares issued under placement	<i>(b)</i>	<u>92,700,000</u>	<u>9,270</u>
At 31 December 2006		<u>556,305,030</u>	<u>55,631</u>

- (a) On 7 April 2006, the Company issued \$5,000,000 convertible notes at conversion price at \$0.165 per share. On 12 April 2006, \$3,000,000 convertible notes had exercised, further on 23 May 2006, the remaining \$2,000,000 had also exercised. Upon fully exercised all the \$5,000,000 convertible notes, the Company share capital increased by 30,303,030 shares.
- (b) On 29 December 2006, the Company issued 92,700,000 shares at HK\$0.35 per share (HK\$0.1 nominal share price and HK\$0.25 share premium) for cash as its additional working capital.

26. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior period/years are presented in the consolidated statement of changes in equity on page 29 of the financial statements.

The capital reserve of the Group represents the difference between the nominal value of ordinary shares issued by the Company and the aggregate of the share capital and share premium of subsidiaries acquired through a reorganisation in relation to the listing of the Company's shares on the Stock Exchange of Hong Kong Limited in October 1998.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

26. RESERVES (Continued)

(b) Company

	Convertible note equity reserve <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2005	-	94,471	122,864	(107,568)	109,767
Loss for the year	-	-	-	(148)	(148)
At 31 March 2006 and at 1 April 2006	-	94,471	122,864	(107,716)	109,619
Recognition of equity component of convertible notes	1,201	-	-	-	1,201
Shares issued under convertible notes	(1,201)	1,969	-	-	768
Shares issued under placement	-	22,638	-	-	22,638
Loss for the period	-	-	-	(121,228)	(121,228)
At 31 December 2006	-	119,078	122,864	(228,944)	12,998

The contributed surplus of the Company represents the difference between the aggregate net asset value of subsidiaries acquired as a result of the reorganisation prepared for the listing of the Company's shares on the Stock Exchange and the nominal amount of the Company's shares issued for the acquisition. Under Section 54 of the Bermuda Companies Act 1981, contributed surplus is available for distribution as dividends to shareholders subject to the provisions of the Company's bye-laws and provided that immediately following the distribution, the Company is able to pay its liabilities as and when they fall due or the realisable value of the Company's assets would not be less than the aggregate of its liabilities and its issued share capital and share premium account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

27. FINANCIAL RISK MANAGEMENT

a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of finance markets and seeks to minimize potential adverse effects on the Group's financial performance.

Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settles in RMB and did not have significant exposure to foreign exchange 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.

(ii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet as financial assets at fair through profit and loss. The Group is not exposed to commodity price risk.

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 Group's 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.

Liquidity risk

The Group ensure that it maintains sufficient cash, which is available to meet its liquidity requirements.

Interest rate risk

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates exposes the Group to cash flow interest rates exposes the Group to fair value interest rate risk. At the balance sheet date, there are no fixed interest rates for long term bank loans of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Period from 1 April 2006 to 31 December 2006

27. FINANCIAL RISK MANAGEMENT (Continued)

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.

28. COMMITMENTS

a) Capital commitments

As at the balance sheet date, the Group had capital commitments as follows:

	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Capital commitments in respect of		
– Construction cost of properties under development	<u>60,338</u>	<u>54,488</u>

b) Commitments under operating leases

The Group leases its offices under operating lease arrangements. Leases for properties are negotiated for a term of two years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	31/12/2006 HK\$'000	31/3/2006 HK\$'000
Within one year	1,043	636
In the second to fifth years, inclusive	<u>2,456</u>	<u>–</u>
	<u>3,499</u>	<u>636</u>

29. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2006, the directors consider the immediate parent and ultimate controlling party of the Group to be Good Power International Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.