

RESULTS

For the six months ended 30 June 2004, the turnover of U-Cyber Technology Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") was HK\$28,134,000 (2003: HK\$113,382,000), representing a decrease of 75.2%. During the period under review, sales of investment amounted to HK\$2,940,000 (2003: HK\$94,181,000), representing a decrease of 96.9% and the revenues generated by the sales of electronic components recorded an increase of 35.7% from HK\$18,130,000 in 2003 to HK\$24,604,000 in 2004, representing 87.5% of the Group's turnover.

In view of the subsequent announcement of the disposals of properties by the Group, a provision of HK\$12,000,000 were made against properties for the period. The loss attributable to shareholders for the period was HK\$27,460,000 (2003: HK\$8,765,000), representing an increase of 213.3%.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the period ended 30 June 2004 (2003: Nil).

BUSINESS REVIEW

Strong Way International Limited ("SWIL"), the Group's 60% interest subsidiary, is principally engaged in design and distribution of "SONIX" brand integrated circuits for toy manufacturing in Hong Kong and the South East Asia Region. SWIL's Guangzhou office has already built up good business relationship with a number of household appliances manufacturers in Mainland China, which provide good foundation for its future business growth.

On 20 July 2004, the Group entered into a Provisional Sale and Purchase Agreement to sell whole floor of 8/F., Dynamic Cargo Centre for HK\$10,200,000. The sale was completed on 3 September 2004.

On 9 September 2004, the Group entered into a Memorandum of Sale and Purchase to sell whole floor of 9/F, Harcourt House for HK\$72,598,878, and lease back the property at monthly rent of HK\$239,000 and HK\$256,000 for first and second year, respectively. The transaction constitutes a very substantial disposal under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is subjected to the shareholder's approval in an extraordinary general meeting expected to be held in mid October 2004. The disposal, if approved by the shareholders, is expected to be completed by the end of October 2004. The loss of disposal is expected to be HK\$4,200,000 and has been provided in the accounts of the period under review.

As at 30 June 2004, the Group held 8% interest in Beijing Glory Real Estate Development Company Limited, a former jointly controlled entity in Mainland China.

During the period, the Group has disposed 21,050,000 shares in INNOMAXX Biotechnology Group Limited ("INNOMAXX"). As at 30 June 2004, the Group's shareholding in INNOMAXX was 6.39%.

FINANCING

All the Group's funding and treasury activities are centrally managed and controlled at the corporate level. The Group's cash and bank balances as at 30 June 2004 amounted to HK\$4,055,000 (31 December 2003: HK\$4,544,000).

As at 30 June 2004, the Group had net current liabilities of HK\$40,048,000 (31 December 2003: HK\$34,008,000) and a current ratio of 0.44 (31 December 2003: 0.40). The gearing ratio, as a ratio of long-term borrowing to total assets, was 52.96% (31 December 2003: 35.32%). As at 30 June 2004, the Group's bank borrowings amounted to HK\$49,688,000 (31 December 2003: HK\$50,657,000), which was fully secured by the Group's certain investment properties in Hong Kong with carrying value of HK\$77,500,000 (31 December 2003: HK\$89,500,000). All the Group's bank borrowing was denominated in Hong Kong dollar and carried interest rate from 1.5% per annum below or equivalent to the Best Lending Rate of the Bank.

As most of the cash reserves were placed in Hong Kong dollar short-term deposits with major banks in Hong Kong, exposure to exchange fluctuation is minimal.

On 23 August 2004, the Company entered into a Loan Capitalisation Agreement with Time Prosper Holdings Limited ("Time Prosper") and Mr. Tong Nai Kan ("Mr. Tong"), a substantial shareholder of the Company, to settle shareholder's loan of HK\$30,000,000 by issuing 120,000,000 shares to Time Prosper, a company wholly owned by Mr. Tong. The transaction constitutes a connected transaction under the Listing Rules and is conditional upon, inter alia, approval by the independent shareholders, voting by way of poll, at an extraordinary general meeting of the Company to be held on 7 October 2004. Following the capitalisation of the shareholder's loan and the disposals of properties as announced by the Group on 22 July and 9 September 2004, the liabilities of the Group will be decreased and the financial position of the Group will be improved.

PROSPECTS

The Board believes that both the turnover and profit of SWIL will achieve high growth rates in forthcoming years. The establishment of a representative office in Guangzhou, Mainland China recently, also aims at marketing the new computer peripherals and home appliances products of SONIX brand to embark on the enormous market of Mainland China, the prospects of which is optimistic.

In order to reflect a clear identity and better clarity of the Group's existing business to the shareholders and the public, the Company proposed to change the Company's name to New Smart Holdings Limited (駿新集團有限公司). The proposed change of name is subject to the passing of a special resolution by the shareholders at an extraordinary general meeting to be held on 7 October 2004.

As a whole, the Group will actively identify opportunities to invest in the property, mainly in Mainland China, and technology-related business so as to bring in significant improved returns and contribute enhanced value to our shareholders.

SHARE OPTION SCHEME

Under the terms of the Company's share option scheme (the "Scheme") approved by the shareholders on 22 May 2000, the Directors of the Company may, at their discretion, offer any employees (including any Directors) of the Company or of any of its subsidiary companies options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme.

All the options previously granted under the Scheme have been lapsed in 2002. During the period, no option has been granted and there was no outstanding share option as at 30 June 2004.

Save as disclosed above, during the six months ended 30 June 2004, none of the directors and chief executive of the Company nor any of their spouse or children under 18 was granted or holding options to subscribe for shares in the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), nor had exercised such rights.

Apart from the foregoing, at no time during the period was the Company or any of its subsidiary companies a party to any arrangements to enable the Directors of the Company or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACT

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiary companies was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time 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

At 30 June 2004, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

(a) Issued Share Capital

Director	Capacity in which such interests are held	Number of Shares	Approximate % of the total issued Shares as at the Latest Practicable Date
Tong Nai Kan	Corporate	60,000,000	12.23%

Note: These Shares are beneficially owned by and registered in the name of Gold Blue Group Limited, which is 100% beneficially owned by Mr. Tong Nai Kan.

(b) Share Options

Details of the Directors' personal interests in the share options to subscribe for shares in the Company are set out in the section headed "Share Option Scheme" above.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 June 2004, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

Company - Long position in shares

Corporate Interest	Number of shares	Percentage of issued share capital
Gold Blue Group Limited	60,000,000	12.23%

Note: These Shares are beneficially owned by and registered in the name of Gold Blue Group Limited, which is 100% beneficially owned by Mr. Tong Nai Kan.

Save as disclosed above, as at 30 June 2004, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

Subsidiaries of the Company - Long position in shares

Name of subsidiary	Name of beneficial owner	Proportion of nominal value of issued share capital
Strong Way International Limited	Woo Chu Kwok	13%
	Chan Chiu Shing	13%
	Tsoi Hung Kwan	14%
Wealcome Limited	Hopson Asia Limited	45%

AUDIT COMMITTEE

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Company, internal control and financial reporting matters including a review of the interim financial statements.

HUMAN RESOURCES

As at 30 June 2004, the Group had 42 employees in Hong Kong and 28 employees in Mainland China. Employee remunerations are in accordance with nature of their duties and remain competitive under current market trend. Staff benefits include medical schemes, Mandatory Provident Fund scheme and share option scheme for Hong Kong employees.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Board, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules on the Stock Exchange throughout the period under review except that the independent non-executive directors are not appointed for a specific terms as they are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES IN THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares in the Company.

ACKNOWLEDGEMENT

The Board would like to take this opportunity to express our sincere thanks to our shareholders for their support and to our staff for their contributions and diligence during the period.

By Order of the Board

Tong Nai Kan

Chairman and Managing Director

Hong Kong, 21 September 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six months ended 30 June 2004

	<i>Note</i>	2004 HK\$'000	2003 HK\$'000
Turnover	2	28,134	113,382
Cost of sales		(24,193)	(97,345)
Gross profit		3,941	16,037
Other revenues		40	1,244
Administrative expenses		(15,446)	(18,955)
Provision against investment properties		(12,000)	—
Unrealised loss of trading investments		(2,267)	—
Loss on deemed partial disposal of an associated company		—	(3,484)
Operating loss	4	(25,732)	(5,158)
Financial expenses	5	(1,728)	(2,395)
Share of loss of a jointly controlled entity		—	(827)
Share of losses of associated companies		—	(1,410)
Loss before taxation		(27,460)	(9,790)
Taxation credit	6	—	19
Loss after taxation		(27,460)	(9,771)
Minority interests		—	1,006
Loss attributable to shareholders		(27,460)	(8,765)
		HK Cents	HK Cents
Loss per share	7	(5.6)	(1.8)

CONSOLIDATED BALANCE SHEET
As at 30 June 2004

		30 June	31 December
		2004	2003
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	8	79,743	92,155
Goodwill	8	7,761	8,302
Associated companies		9	6
Long-term investments		24,680	100,341
		<u>112,193</u>	<u>200,804</u>
Current assets			
Inventories		8,270	6,686
Debtors and prepayments	9	15,261	11,057
Trading investments		4,484	—
Cash and bank balances		4,055	4,544
		<u>32,070</u>	<u>22,287</u>
Current liabilities			
Creditors and accruals	10	57,295	42,683
Current portion of long-term liabilities	11	5,964	4,678
Short-term loans		5,148	5,148
Taxation		3,711	3,786
		<u>72,118</u>	<u>56,295</u>
Net current liabilities		<u>(40,048)</u>	<u>(34,008)</u>
Employment of funds		<u>72,145</u>	<u>166,796</u>
Financed by:			
Share capital	12	122,646	122,646
Reserves		(126,929)	(34,679)
Shareholders' (deficit) / funds		(4,283)	87,967
Minority interests		23	23
Long-term liabilities	11	76,405	78,806
Funds employed		<u>72,145</u>	<u>166,796</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2004

	2004	2003
	HK\$'000	HK\$'000
At beginning of the period	87,967	69,200
Changes in exchange rates	—	2
Realised reserve on trading investments	(5,611)	—
Revaluation deficit of long-term investments	(59,179)	—
Loss for the period	(27,460)	(8,765)
At end of the period	(4,283)	60,437

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2004

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Cash flows from operating activities		
Operating loss	(25,732)	(5,158)
Interest income	(2)	(2)
Depreciation	457	303
Amortisation of goodwill	541	2,172
Provision against investment properties	12,000	—
Loss on sale of trading investments	1,180	—
Unrealised loss of trading investments	2,267	—
Gain on partial disposal of a jointly controlled entity	—	(10,880)
Loss on deemed partial disposal of an associated company	—	3,484
	<hr/>	<hr/>
Operating loss before working capital changes	(9,289)	(10,081)
Increase in inventories	(1,584)	(1,211)
Increase in debtors and prepayments	(4,204)	(4,012)
Increase / (decrease) in creditors and accruals	5,152	(3,518)
	<hr/>	<hr/>
Cash used in operations	(9,925)	(18,822)
Interest received	2	2
Interest paid	(1,714)	(2,395)
Interest element of finance lease rental payments	(14)	—
Tax paid	(75)	(513)
	<hr/>	<hr/>
Net cash used in operating activities	(11,726)	(21,728)
Cash flows from investing activities		
Purchase of property, plant and equipment	(45)	(63)
Sale of trading investments	2,940	—
Partial disposal of a jointly controlled entity	—	33,419
Disposal of a subsidiary company	—	7,478
Increase in amounts due from associated companies	(3)	(370)
	<hr/>	<hr/>
Net cash from investing activities	2,892	40,464
	<hr/>	<hr/>

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

For the six months ended 30 June 2004

	2004	2003
	HK\$'000	HK\$'000
Cash flows from financing activities		
Repayment of long-term bank loans	(969)	(3,455)
Capital element of finance lease rental payments	(146)	—
Advance from / (repayment to) a Director	9,460	(14,453)
Decrease in short-term loan repayable more than three months from the date of advance	—	(2,069)
	<hr/>	<hr/>
Net cash from / (used in) financing activities	8,345	(19,977)
	<hr/>	<hr/>
Decrease in cash and bank balances	(489)	(1,241)
Cash and bank balances at beginning of the period	4,544	5,744
	<hr/>	<hr/>
Cash and bank balances at end of the period	4,055	4,503
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM ACCOUNTS**For the six months ended 30 June 2004****1 Basis of preparation and accounting policies**

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in conformity with Hong Kong Financial Reporting Standards.

The accounting policies adopted for the preparation of these accounts are consistent with those described in the 2003 Annual Report.

2 Turnover

	2004	2003
	HK\$'000	HK\$'000
Sales of electronic components	24,604	18,130
Sales of investments	2,940	94,181
Property rental	590	1,071
	<u>28,134</u>	<u>113,382</u>

3 Segment information

The Group is principally engaged in property investment and technology-related business. An analysis of the turnover and operating results by principal activities is as follows:

	Property investment	Technology	Corporate and others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 30 June 2004				
Turnover	<u>590</u>	<u>24,604</u>	<u>2,940</u>	<u>28,134</u>
Segment results	(11,172)	(1,091)	(13,469)	(25,732)
Financial expenses				<u>(1,728)</u>
Loss attributable to shareholders				<u>(27,460)</u>

3 Segment information (Continued)

	Property investment HK\$'000	Technology HK\$'000	Corporate and others HK\$'000	Total HK\$'000
Six months ended				
30 June 2003				
Turnover	95,252	18,130	—	113,382
Segment results	11,970	(4,764)	(12,364)	(5,158)
Financial expenses				(2,395)
Share of results of				
Jointly controlled entity	—	—	(827)	(827)
Associated companies	—	(1,410)	—	(1,410)
Loss before taxation				(9,790)
Taxation credit				19
Minority interests	—	1,004	2	1,006
Loss attributable to shareholders				(8,765)

A summary of geographical segments is set out as follows:

	2004		2003	
	Turnover	Operating results	Turnover	Operating results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	28,134	(24,803)	19,201	(15,864)
Mainland China	—	(929)	94,181	10,706
	<u>28,134</u>	<u>(25,732)</u>	<u>113,382</u>	<u>(5,158)</u>

4 Operating loss

	2004	2003
	HK\$'000	HK\$'000
Operating loss is stated after crediting:		
Gross rental income	590	1,071
Less : related outgoings	(19)	(24)
Bad debt recovered	—	600
	<u> </u>	<u> </u>
and after charging:		
Staff costs		
(including Directors' emoluments)	9,739	11,973
Depreciation	457	303
Operating lease rental expenses for land and buildings	231	85
Amortisation of goodwill	541	2,172
	<u> </u>	<u> </u>

5 Financial expenses

	2004	2003
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	969	1,285
Interest on short-term loans	745	1,110
Interest on finance lease obligations wholly repayable within 5 years	14	—
	<u> </u>	<u> </u>
	<u>1,728</u>	<u>2,395</u>

6 Taxation credit

	2004 HK\$'000	2003 HK\$'000
Company and subsidiary companies		
Hong Kong profits tax	—	40
Associated companies		
Overseas taxation	—	(21)
	<u>—</u>	<u>19</u>
	<u>—</u>	<u>19</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The Group has not made any provision for the tax liabilities of a subsidiary company amounting to HK\$89.5 million in respect of its profit from the disposal of properties in 1994 and 1995, details of which are more fully described in note 10 to the 2003 Annual Report.

7 Loss per share

The calculation of loss per share is based on the loss attributable to shareholders for the period of HK\$27,460,000 (2003: HK\$8,765,000) and 490,584,391 shares in issue during the period.

Diluted loss per share is not presented as there are no dilutive potential shares for the options granted under the Company's share option scheme.

8 Capital expenditure

	Property, plant and equipment	Goodwill	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book amount			
At 31 December 2003	92,155	8,302	100,457
Additions	45	—	45
Depreciation and amortization	(457)	(541)	(998)
Provision	(12,000)	—	(12,000)
	<u>79,743</u>	<u>7,761</u>	<u>87,504</u>
At 30 June 2004	<u><u>79,743</u></u>	<u><u>7,761</u></u>	<u><u>87,504</u></u>
Net book amount			
At 31 December 2002	86,335	37,646	123,981
Additions	63	—	63
Depreciation and amortization	(303)	(2,172)	(2,475)
	<u>86,095</u>	<u>35,474</u>	<u>121,569</u>
At 30 June 2003	<u><u>86,095</u></u>	<u><u>35,474</u></u>	<u><u>121,569</u></u>

At 30 June 2004, the net book value of property, plant and equipment held under finance lease amounted to HK\$1,211,000 (31 December 2003: HK\$1,349,000).

9 Debtors and prepayments

	30 June 2004	31 December 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors	11,913	6,684
Other debtors	1,450	1,776
Deposits and prepayments	1,898	2,597
	<u>15,261</u>	<u>11,057</u>
	<u><u>15,261</u></u>	<u><u>11,057</u></u>

9 Debtors and prepayments (*Continued*)

Rental income from tenants is due and payable in advance. The credit terms granted to trade debtors in respect of sales of electronic components are usually 30 to 45 days. The ageing analysis of the Group's trade debtors, based on the dates of the invoices, is as follows:

	30 June	31 December
	2004	2003
	HK\$'000	HK\$'000
Below 30 days	6,667	1,781
30 to 60 days	3,544	2,618
61 to 90 days	592	1,935
Over 90 days	1,110	350
	<u>11,913</u>	<u>6,684</u>

10 Creditors and accruals

	30 June	31 December
	2004	2003
	HK\$'000	HK\$'000
Trade creditors	21,899	17,303
Other creditors	17,028	15,684
Amount due to a Director	14,460	5,000
Amount due to a related company	49	49
Accrued expenses	3,859	4,647
	<u>57,295</u>	<u>42,683</u>

The amount payable to the Director, Mr. Tong Nai Kan, is unsecured, interest free and has no specific repayment terms.

10 Creditors and accruals (*Continued*)

The ageing analysis of the Group's trade creditors, based on the dates of the invoices, is as follows:

	30 June	31 December
	2004	2003
	HK\$'000	HK\$'000
Below 30 days	6,088	1,722
30 to 60 days	9,008	4,724
61 to 90 days	6,343	10,803
Over 90 days	460	54
	<u>21,899</u>	<u>17,303</u>

11 Long-term liabilities

	30 June	31 December
	2004	2003
	HK\$'000	HK\$'000
Secured loans not wholly repayable within five years	49,688	50,657
Obligations under finance leases wholly payable within five years	1,115	1,261
Advance from a Director (<i>note 16(c)</i>)	31,566	31,566
	<u>82,369</u>	<u>83,484</u>
Current portion included under current liabilities	(5,964)	(4,678)
	<u>76,405</u>	<u>78,806</u>

On 23 August 2004, the Director, Mr. Tong Nai Kan, agreed to settle HK\$30,000,000 of the advance by way of the Company issuing 120,000,000 new shares of HK\$0.25 each to Time Prosper Holdings Limited (*note 16(c)*).

12 Share capital

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Authorised:		
1,000,000,000 shares of HK\$0.25 each	<u>250,000</u>	<u>250,000</u>
Issued and fully paid:		
490,584,391 shares of HK\$0.25 each	<u>122,646</u>	<u>122,646</u>

13 Commitments

(a) Operating lease commitments

The future aggregate minimum lease rental expense in respect of land and buildings under non-cancellable operating leases is payable in the following years:

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
2004	72	153
2005	144	—
2006	72	—
	<u>288</u>	<u>153</u>

(b) Operating lease rental receivable

The future aggregate minimum lease rental income in respect of land and buildings under non-cancellable operating leases is receivable in the following years:

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
2004	197	1,321
2005	—	295
	<u>197</u>	<u>1,616</u>

14 Contingent liabilities

- (a) The Company has provided guarantees in respect of loan and finance lease facilities granted to subsidiary companies amounting to HK\$5,470,000 (31 December 2003: HK\$5,844,000) and HK\$1,115,000 (31 December 2003: HK\$1,261,000), respectively.
- (b) The Company has provided guarantees to banks in respect of mortgage loans made available to the purchasers of properties developed by a former jointly controlled entity, Beijing Glory Real Estate Development Company Limited, in Mainland China. At 30 June 2004, the outstanding guarantee for such mortgage loans amounted to HK\$1,956,000 (31 December 2003: HK\$2,325,000).

15 Related party transactions

The following is a summary of the significant related party transactions carried out in the normal course of the Group's business activities during the period:

	2004	2003
	HK\$'000	HK\$'000
Rental income	—	460
Management fee income	—	460
	<u> </u>	<u> </u>

The Group rented office premises to China Kent Development Limited, a wholly owned subsidiary company of INNOMAXX Biotechnology Group Limited ("INNOMAXX"), of which the Group was a substantial shareholder, at a consideration of HK\$80,298 per month, as revised to HK\$58,000 per month from June 2003 to November 2003. The rental charge was arrived with reference to open market rate of similar commercial properties in the same district.

The Group also provided administrative services to INNOMAXX for the period from January 2003 to August 2003 in return for a management fee of HK\$76,600 per month. The management fee was negotiated on an arm's length basis.

16 Subsequent event

- (a) On 20 July 2004, the Group entered into a Provisional Sale and Purchase Agreement to dispose of its investment property situated at 8/F., Dynamic Cargo Centre, 188 Yeung Uk Road, Tsuen Wan for a cash consideration of HK\$10,200,000. The sale was completed on 3 September 2004.
- (b) On 3 August 2004, the Company obtained an additional bank overdraft facility of HK\$12,000,000, which is secured by an investment property, and HK\$11,423,000 was utilised at 31 August 2004.
- (c) On 23 August 2004, the Company entered into a Loan Capitalisation Agreement under which Time Prosper Holdings Limited, a company wholly and beneficially owned by Mr. Tong Nai Kan, a Director of the Company, agreed to subscribe for 120,000,000 new shares of HK\$0.25 each in the Company at the consideration of HK\$30,000,000, satisfied by way of set off against an equivalent amount of advance from Mr. Tong Nai Kan to the Company (note 11). The capitalisation issue is subject to approval by the independent shareholders of the Company at an extraordinary general meeting to be held on 7 October 2004.
- (d) The Board of Directors proposed to change the name of the Company to New Smart Holdings Limited (駿新集團有限公司), subject to approval by the shareholders of the Company at an extraordinary general meeting to be held on 7 October 2004.
- (e) On 9 September 2004, the Group entered into a Memorandum of Sale and Purchase ("Memorandum") to dispose of its investment property situated at 9/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong for a cash consideration of HK\$72,598,878, and lease back the property for a term of two years at monthly rent of HK\$239,000 and HK\$256,000 for first and second year, respectively. Completion of the sale is subject to certain conditions specified under the Memorandum, including the approval by the shareholders of the Company at an extraordinary general meeting expected to be held in mid October 2004.