

## RESULTS

For the six months ended 30 June 2005 (the “Period”), the turnover of New Smart Holdings Limited (the “Company”) and its subsidiary companies (collectively the “Group”) was HK\$50,923,000 (2004: HK\$28,134,000), representing an increase of 81.0%. The increase of turnover was mainly due to the disposal of listed shares amounted to HK\$18,131,000 (2004: 2,940,000), representing 35.6% of the 2005 turnover. The revenues generated by the sales of electronic components recorded an increase of 33.3% from HK\$24,604,000 in the first half of 2004 to HK\$32,792,000 in 2005, representing 64.4% of the Group’s turnover for the Period. The loss for the Period was HK\$16,577,000 (2004: HK\$27,460,000), representing a decrease of 39.6%.

## INTERIM DIVIDEND

The Board of Directors (the “Board” or “Directors”) does not recommend the payment of any interim dividend for the Period (2004: 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. The turnover of SWIL has achieved a satisfactory increase.

As at 30 June 2005, the Group held 8% interest in Beijing Glory Real Estate Development Company Limited, formerly a jointly controlled entity in Mainland China.

On 15 February 2005, the Company entered into a conditional agreement with a party connected to Mr. Tong Nai Kan (“Mr. Tong”) in relation to the acquisition of a company controlling a web site known as ChinaCCM.com in mainland China and with office based in Beijing, PRC. Since the conditional precedents have not been fulfilled, all the parties to the agreement agreed on 7 April 2005 to terminate the transaction.