

## CHANGE OF COMPANY NAME

By a special resolution passed on 6 September 2006, the name of the Company was changed from “New Smart Holdings Limited 駿新集團有限公司” to “New Smart Energy Group Limited 駿新能源集團有限公司”. The change of name of the Company will become effective after the issuance of a Certificate of Change of Name by the Registrar of Companies in Hong Kong.

## SHARE OPTION SCHEME

Under the terms of the share option scheme (the “Scheme”) of the Company approved by the shareholders on 29 December 2004, the Directors of the Company may, at their discretion, offer any eligible participants (including any Directors) of the Company or of any of its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme.

During the Period, share options are granted to the Directors and employees specified under the Scheme. Details of the share options outstanding as at 30 June 2006 which have been granted under the Scheme are as follows:

Categories or name of participant	Date of grant	Exercise price HK\$	Exercisable period	Number of share options		30 June 2006
				1 January 2006	Granted Exercised	
Employees	27 September 2005	0.25	27 October 2005 to 26 September 2010	43,220,000	– 13,720,000	29,500,000
Employees	27 September 2005	0.25	27 March 2006 to 26 September 2010	400,000	– 300,000	100,000
Chow Sim Chu, Shirley	8 March 2006	0.2648	8 April 2006 to 7 March 2011	–	610,000 610,000	–
Tang Tin Sek	8 March 2006	0.2648	8 April 2006 to 7 March 2011	–	610,000	– 610,000

## SHARE OPTION SCHEME (Continued)

Categories or name of participant	Date of grant	Exercise price HK\$	Exercisable period	Number of share options			30 June 2006
				1 January 2006	Granted	Exercised	
Liu Ngai Wing	8 March 2006	0.2648	8 April 2006 to 7 March 2011	-	610,000	-	610,000
Lam Yat Fai	8 March 2006	0.2648	8 April 2006 to 7 March 2011	-	610,000	-	610,000
Employees	8 March 2006	0.2648	8 April 2006 to 7 March 2011	-	5,700,000	-	5,700,000
Employees	8 March 2006	0.2648	8 September 2006 to 7 March 2011	-	6,100,000	-	6,100,000
Employees	1 June 2006	0.29	1 July 2006 to 31 May 2011	-	72,900,000	-	72,900,000

## DIRECTORS' INTERESTS IN CONTRACT

There is no other contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries 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

As at 30 June 2006, 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 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (*Continued*)**

**Long positions in the Shares:**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of shares</b>	<b>Percentage</b>
Tong Nai Kan	Corporate ( <i>Note</i> )	180,000,000	24.15
Chow Sim Chu, Shirley	Personal	610,000	0.08
Tang Tin Sek	Personal	158,000	0.02

*Note:* These shares are beneficially owned by and registered in the name of Gold Blue Group Limited and Time Prosper Holdings Limited, which are 100% beneficially owned by Mr. Tong Nai Kan.

Options granted to the Directors under the Scheme and remained outstanding as at 30 June 2006 were as follows:

<b>Name of Directors</b>	<b>Date of grant</b>	<b>Number of underlying Shares comprised in the options</b>	<b>Exercise price HK\$</b>	<b>Exercisable period</b>
Tang Tin Sek	8 March 2006	610,000	0.2648	8 April 2006 to 7 March 2011
Liu Ngai Wing	8 March 2006	610,000	0.2648	8 April 2006 to 7 March 2011
Lam Yat Fai	8 March 2006	610,000	0.2648	8 April 2006 to 7 March 2011

Save as disclosed above, as at 30 June 2006, none of the Directors and chief executive had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required 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.

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

The register of substantial shareholders maintained by the Company under Section 336 of the SFO shows that as at 30 June 2006, 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.

<b>Name</b>	<b>Number of shares</b>	<b>Percentage</b>
Tong Nai Kan ( <i>Note</i> )	180,000,000	24.15
Time Prosper Holdings Limited ("Time Prosper")	120,000,000	16.10
Gold Blue Group Limited ("Gold Blue")	60,000,000	8.05

*Note:* Mr. Tong Nai Kan is the beneficial owner of the entire issued share capital of Gold Blue and Time Prosper. In accordance with the SFO, the interests of Gold Blue and Time Prosper are deemed to be, and have therefore been included in the interests of Mr. Tong Nai Kan.

Save as disclosed above, as at 30 June 2006, no other persons had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## BOARD COMMITTEE

### **Audit Committee**

The written terms of reference which describes the authority and duties of the Audit Committee was approved and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the audit of the Group. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The Audit Committee comprises four Independent Non-executive Directors ("INEDs"), namely Dr. Tang Tin Sek, Mr. Liu Ngai Wing, Mr. Lam Yat Fai and Mr. Chan Kin Sang of which Dr. Tang Tin Sek is the chairman.

## BOARD COMMITTEE (*Continued*)

### **Nomination Committee**

The Nomination Committee was established by the Company on 15 September 2005 for the purposes of reviewing the composition of the Board, identifying suitable Board members, assessing independence of the INEDs and making recommendation on appointments and re-appointments. The Nomination Committee comprises three INEDs of the Company namely, Dr. Tang Tin Sek, Mr. Liu Ngai Wing and Mr. Lam Yat Fai and is chaired by Mr. Liu Ngai Wing. The written terms of reference which describes the authority and duties of the Nomination Committee was prepared and adopted and are available to shareholders for inspection at the registered office of the Company.

### **Remuneration Committee**

The Remuneration Committee was established by the Company on 15 September 2005 for the purposes of determining specific remuneration packages of all executive Directors and senior management; and reviewing and approving their performance-based remuneration and their compensation on termination. The Remuneration Committee comprises three INEDs of the Company namely, Dr. Tang Tin Sek, Mr. Liu Ngai Wing and Mr. Lam Yat Fai and is chaired by Mr. Lam Yat Fai. The written terms of reference which describes the authority and duties of the Remuneration Committee was prepared and adopted and are available to shareholders for inspection at the registered office of the Company.

## CORPORATE GOVERNANCE

The Company had complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the Period with the following major deviations:-

### **Code Provision A.2.1**

Under the code provision A.2.1, the roles of chairman and chief executive officer (“CEO”) should be separate people and should not be performed by the same individual. The divisions of responsibilities between the chairman and CEO should be clearly established and set out in writing.

The Company has deviated from this code by having the chairman and CEO to be the same person. Mr. Tong Nai Kan currently assumes the roles of both the chairman and CEO of the Company. The Board believes that the vesting of the roles of chairman and CEO in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies, as well as ensuring effective oversight of management.

## CORPORATE GOVERNANCE (*Continued*)

### **Code Provision A.4.1**

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing INEDs of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1. However, all Directors of the Company (including executive and non-executive) are subject to retirement by rotation at each annual general meeting under the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG code.

## HUMAN RESOURCES

As at 30 June 2006, the Group had 39 employees in Hong Kong. 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 schemes and share option scheme for Hong Kong employees.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

## PURCHASE, SALE OR REDEMPTION ON SHARES IN THE COMPANY

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any shares in the Company.

## REVIEW OF INTERIM RESULTS

The unaudited interim results for the Period have been reviewed by the Audit Committee.

## ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my sincere thanks to our shareholders for their support and to our staff for their contributions and diligence during the Period.

On behalf of the Board

**Tong Nai Kan**

*Chairman and Managing Director*

Hong Kong, 13 September 2006