

The Directors submit their report together with the audited accounts for the year ended 31st December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are set out in note 13 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 3 to the accounts.

CHANGE OF NAME

By a special resolution passed at an Extraordinary General Meeting held on 7th October 2004, the Company changed its name from U-Cyber Technology Holdings Limited to New Smart Holdings Limited effective from 20th October 2004.

RESULTS AND APPROPRIATIONS

The consolidated results for the year are set out on page 14.

The Directors do not recommend the payment of a dividend in respect of the year ended 31st December 2004.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 11 to the accounts.

SHARE CAPITAL AND RESERVES

Details of the movements in the share capital of the Company are set out in note 22 to the accounts. Details of movements in the reserves of the Group during the year are set out on note 23 to the accounts.

DIRECTORS

The Directors of the Company during the year and at the date of this report are:

Tong Nai Kan

Leung Wai Kwan

Chow Sim Chu, Shirley

Tang Tin Sek*

Ko Ming Tung, Edward*

Kwok Wai Ming* (appointed on 30th September 2004)

Yuen Lok Hang, Brian* (appointed on 30th September 2004 and
resigned on 18th March 2005)

Lang Siu Po (resigned on 13th May 2004)

Ng Ge Bun* (resigned on 14th May 2004)

* *Independent Non-executive Directors*

Report of the Directors

DIRECTORS (Continued)

In accordance with Article 110 of the Articles of Association of the Company, Ms Kwok Wai Ming retires at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

In accordance with Articles 104 and 105 of the Articles of Association of the Company, Miss Chow Sim Chu, Shirley retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

The term of office for each Non-executive Director is the period up to his retirement by rotation in accordance with the Articles of Association of the Company.

The Directors of the Company do not have any service contracts with the Company or any of its subsidiary companies which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACT

During the year, Messrs. Alfred Lam, Keung & Ko. Solicitors & Notaries have provided professional services to the Group for legal and professional fees amounting to HK\$174,000. Mr Ko Ming Tung, Edward is a partner of the firm.

Save as disclosed above, there are no other 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 year or at any time during the year.

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

At 31st December 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 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 Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Director	Nature of interest	Number of shares	Percentage
Tong Nai Kan	Corporate	<u>180,000,000</u>	<u>29.48</u>

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.

Under the terms of the Company's share option schemes approved by the shareholders on 22nd May 2000 and 29th December 2004 (the "Schemes"), the Directors of the Company may, at their discretion, offer any eligible participants (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 Schemes. During the year, no option has been granted under the Schemes and there was no outstanding share option as at 31st December 2004.

Apart from the foregoing, at no time during the year 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.

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 31st December 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.

Name	Number of shares	Percentage
Tong Nai Kan (<i>Note</i>)	180,000,000	29.48
Time Prosper Holdings Limited ("Time Prosper")	120,000,000	19.65
Gold Blue Group Limited ("Gold Blue")	<u>60,000,000</u>	<u>9.83</u>

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of Directors is interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover during the year attributable to the Group's five largest customers was 72% of the Group's total turnover, of which 50% was made to the largest customer.

The aggregate purchase of revenue items during the year attributable to the Group's five largest suppliers was 83% of the Group's total purchases of revenue and services, of which 80% was made from the largest supplier.

None of the Directors, their associates or any shareholder who to the knowledge of the Directors owns more than 5% of the Company's share capital has an interest in the suppliers or customers disclosed above.

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 throughout the financial year except that the Independent Non-executive Directors are not appointed for a specific terms as they are subject to retirement by rotation at the annual general meeting in accordance with the Articles of Association of the Company.

Report of the Directors

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the audit committee (the “Committee”) were prepared 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 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 Committee currently comprises three Independent Non-executive Directors, namely Mr Tang Tin Sek, Mr Ko Ming Tung, Edward and Ms Kwok Wai Ming.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Tong Nai Kan

Chairman and Managing Director

Hong Kong, 13th April 2005