



智富能源金融（集團）有限公司*
Smart Rich Energy Finance (Holdings) Ltd.

(Incorporated in Bermuda with limited liability)

(Stock Code: 1051)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2007**

The Board of Directors (the "Board") of Smart Rich Energy Finance (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2007:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
Turnover	3	6,838	3,974
Cost of sales		<u>(4,868)</u>	<u>(3,418)</u>
Gross profit		1,970	556
Other operating income		1,456	2,291
Distribution costs		(1,237)	(1,406)
Administrative expenses		(42,939)	(44,095)
Share-based payment expenses		(11,324)	(5,989)
Finance costs	5	(466)	(121)
Gain on disposal of partial interest in a jointly controlled entity		920	–
Gain attributable to financial assets at fair value through profit or loss	6	1,819	3,149
Gain on disposal of available-for-sale investments		11,242	–
Share of loss of a jointly controlled entity		(784)	(450)
Impairment loss recognized in respect of an intangible asset		<u>(10,472)</u>	<u>(37,128)</u>
Loss before income tax	7	(49,815)	(83,193)
Income tax	8	<u>6,263</u>	<u>–</u>
Loss for the year		<u>(43,552)</u>	<u>(83,193)</u>
Attributable to:			
– Equity holders of the Company		(43,506)	(83,193)
– Minority interests		<u>(46)</u>	<u>–</u>
		<u>(43,552)</u>	<u>(83,193)</u>
Loss per share			
Basic	9	<u>(1.72) cents</u>	<u>(3.91) cents</u>

* For identification purpose only

CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	NOTE	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Property, plant and equipment		3,082	3,095
Intangible asset		–	10,472
Interest in a jointly controlled entity		598	406
Available-for-sale investments		140,020	140,020
Deposits paid for acquisition of properties		10,104	9,340
Deposit paid for the acquisition of a subsidiary		100,000	–
		<u>253,804</u>	<u>163,333</u>
Current assets			
Temporary payments		7,838	–
Deposit paid for the acquisition of an available-for-sale investment		3,000	–
Debtors, deposits and prepayments	10	2,502	1,813
Amount due from a jointly controlled entity		–	700
Available-for-sale investments		–	10,435
Financial assets at fair value through profit or loss		6,338	2,836
Pledged bank deposits		7,076	5,263
Bank balances and cash		24,937	2,983
		<u>51,691</u>	<u>24,030</u>
Current liabilities			
Other creditors and accrued charges		2,871	3,201
Provision for taxation		1,545	–
Bank borrowings		–	1,943
		<u>4,416</u>	<u>5,144</u>
Net current assets		<u>47,275</u>	<u>18,886</u>
Total assets less current liabilities		301,079	182,219
Non-current liability			
Deferred taxation		–	7,808
Net assets		<u>301,079</u>	<u>174,411</u>
Capital and reserves			
Share capital		31,443	23,993
Reserves		269,579	150,418
Equity attributable to equity holders of the Company		301,022	174,411
Minority interests		57	–
Total equity		<u>301,079</u>	<u>174,411</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

The Company is incorporated and registered as an exempted company in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars, which is same as the functional currency of the Company.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has adopted all of the new and revised standards, amendments and interpretations ("new HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for the Group's financial year beginning on 1 July 2006. The adoption of these new and revised standards and interpretations has no material effect on how the results for the current or prior accounting year have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

Hong Kong Accounting Standard

("HKAS 1") (Amendment)

HKAS 23 (Revised)

HKFRS 7

HKFRS 8

HK(IFRIC) – Interpretation ("Int") 10

HK(IFRIC)-Int 11

HK(IFRIC)-Int 12

HK(IFRIC)-Int 13

HK(IFRIC)-Int 14

Capital disclosures¹

Borrowing costs²

Financial instruments: disclosures¹

Operating Segments²

Interim Financial Reporting and Impairment³

HKFRS 2 – Group and Treasury Share Transactions⁴

Service Concession Arrangements⁵

Customer Loyalty Programmes⁶

HKAS 19 – The Limit on a Defined Benefit Asset,

Minimum Funding Requirements and their Interaction⁵

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 January 2009.

³ Effective for annual periods beginning on or after 1 November 2006.

⁴ Effective for annual periods beginning on or after 1 March 2007.

⁵ Effective for annual periods beginning on or after 1 January 2008.

⁶ Effective for annual periods beginning on or after 1 July 2008.

3. Turnover

Turnover represents the net amounts received and receivable for the followings:

	2007	2006
	HK\$'000	HK\$'000
Provision of financial information services	2,848	2,526
Provision of credit card security device and digital network authorization services	3,963	1,414
Others	27	34
	6,838	3,974

4. Business and Geographical Segments

(a) Business segments

For management purposes, the Group is currently organized into two (2006: two) operating divisions as detailed above. These divisions are the basis on which the Group reports its primary segment information. An analysis of the Group's turnover and contributions to operating results and segmental assets and liabilities by business segments is as follows:

For the year ended 30 June

	Provision of financial information services		Provision of credit card security device and digital network authorization services		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER								
External sales	2,848	2,526	3,963	1,414	27	34	6,838	3,974
SEGMENT RESULT	(1,076)	(902)	(5,412)	(9,425)	(443)	(859)	(6,931)	(11,186)
Unallocated corporate expenses							(45,143)	(37,457)
Finance costs							(466)	(121)
Gain attributable to financial assets at fair value through profit or loss							1,819	3,149
Gain on disposal of available-for-sale investments							11,242	-
Gain on disposal of partial interest in a jointly controlled entity							920	-
Share of loss of a jointly controlled entity							(784)	(450)
Impairment loss recognized in respect of an intangible asset							(10,472)	(37,128)
Loss before income tax							(49,815)	(83,193)
Income tax							6,263	-
Loss for the year							(43,552)	(83,193)

At 30 June

	Provision of financial information services		Provision of credit card security device and digital network authorization services		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Segment assets	848	579	29,894	29,527	40	161	30,782	30,267
Interest in a jointly controlled entity							598	1,106
Available-for-sale investments							140,020	150,455
Temporary payments							7,838	-
Deposit paid for the acquisition of a subsidiary							100,000	-
Deposit paid for the acquisition of an available-for-sale investment							3,000	-
Unallocated corporate assets							23,257	5,535
Total assets							305,495	187,363
LIABILITIES								
Segment liabilities	1,294	925	1,542	3,200	18	-	2,854	4,125
Unallocated corporate liabilities							1,562	8,827
Total liabilities							4,416	12,952

For the year ended 30 June

	Provision of financial information services		Provision of credit card security device and digital network authorization services		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
OTHER INFORMATION								
Capital additions	117	90	240	981	-	-	357	1,071
Unallocated capital expenditure							709	1,094
							1,066	2,165
Depreciation	34	19	478	426	47	90	559	535
Unallocated depreciation							525	957
							1,084	1,492
Unallocated impairment loss recognized in respect of an intangible asset							10,472	37,128
Bad debts written off	-	-	-	497	-	-	-	497
Allowance for bad and doubtful debts	-	-	500	-	-	-	500	-
Unallocated allowance for bad and doubtful debts							1,010	-
Unallocated share-based payment expenses							11,324	5,989
Loss on disposal of property, plant and equipment	-	-	-	38	-	-	-	38
Unallocated loss on disposal of property, plant and equipment							16	-

(b) *Geographical segments*

The following provides an analysis of the Group's turnover and contribution to loss from operations by geographical markets, irrespective of the origin of the services:

	Turnover		Contribution to loss from operations	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong	5,756	3,208	(46,644)	(43,127)
PRC	<u>1,082</u>	<u>766</u>	<u>(5,430)</u>	<u>(5,516)</u>
	<u>6,838</u>	<u>3,974</u>	<u>(52,074)</u>	<u>(48,643)</u>

The following is an analysis of the carrying amount of segment assets and capital additions analyzed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong	293,691	184,206	706	2,016
PRC	<u>11,804</u>	<u>3,157</u>	<u>360</u>	<u>149</u>
	<u>305,495</u>	<u>187,363</u>	<u>1,066</u>	<u>2,165</u>

5. **Finance Costs**

	2007 HK\$'000	2006 HK\$'000
Interest expenses on:		
– convertible note	–	104
– bank borrowings	<u>466</u>	<u>17</u>
	<u>466</u>	<u>121</u>

6. **Gain attributable to Financial Assets at Fair Value through Profit or Loss**

	2007 HK\$'000	2006 HK\$'000
Gain on disposal of financial assets at fair value through profit or loss	1,058	3,325
Changes in fair value of financial asset at fair value through profit or loss	<u>761</u>	<u>(176)</u>
	<u>1,819</u>	<u>3,149</u>

7. Loss Before Income Tax

	2007 HK\$'000	2006 HK\$'000
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs:		
Directors' remuneration (excluding share-based payment expenses)	12,145	19,240
Other staff costs	8,316	10,996
Contributions to retirement benefit scheme (excluding directors)	605	679
Share-based payment expenses	10,331	5,060
Total staff costs	<u>31,397</u>	<u>35,975</u>
Auditors' remuneration	600	590
Depreciation	1,084	1,492
Bad debts written off	–	497
Allowance for doubtful debts	1,510	–
Operating lease charged on rented premises	2,501	2,784
Share-based payment expenses (excluding staff costs)	993	929
Loss on disposal of property, plant and equipment	16	38
Dividend income	(16)	(9)
Gain on redemption of convertible note	–	(944)
Interest income	(1,072)	(1,272)
Exchange (gain)/loss	<u>(368)</u>	<u>61</u>

8. Income Tax

	2007 HK\$'000	2006 HK\$'000
Provision for Hong Kong Profits Tax for the year	(1,545)	–
Deferred taxation	<u>7,808</u>	<u>–</u>
	<u>6,263</u>	<u>–</u>

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the year ended 30 June 2007.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit in Hong Kong for the year ended 30 June 2006.

No provision for taxation in other jurisdictions for both years has been made in the consolidated financial statements as neither the Company nor any of its subsidiaries had any assessable profits subject to tax in other jurisdictions.

The tax credit for the years can be reconciled to the loss for the year per the consolidated income statement as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Loss before income tax	(49,815)	(83,193)
Tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	(8,717)	(14,559)
Tax effect of expenses not deductible for tax purpose	2,311	13,674
Tax effect of income not taxable for tax purpose	(790)	(855)
Tax effect of tax losses not recognized	791	1,771
Tax effect of other deferred tax assets not recognized	–	(157)
Effect of different tax rates of subsidiaries operating in other jurisdictions	142	126
Tax credit for the year	(6,263)	–

9. Loss per share

The calculation of the basic loss per share is based on the loss attributable to equity holders of the Company of approximately HK\$43,506,000 (2006: HK\$83,193,000) and on the weighted average number of 2,531,963,617 (2006: 2,128,120,533) ordinary shares in issue during the year.

No diluted loss per share has been presented for the two years ended 30 June 2007 and 2006 as the share options outstanding during both years had an anti-dilutive effect on the basic loss per share for both years.

10. Debtors, Deposits and Prepayments

The Group allows an average credit period of 60 days to its trade customers. Included in debtors, deposits and prepayments are trade debtors with the following ageing analysis:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 – 60 days	550	598
61 – 90 days	510	1
Over 90 days	296	1
Trade debtors	1,356	600
Other debtors, deposits and prepayments	2,656	1,213
	4,012	1,813
Less: Allowance for bad and doubtful debts	(1,510)	–
	2,502	1,813

The fair value of the Group's debtors, deposits and prepayments was approximated to the corresponding carrying amount.

QUALIFIED AUDITORS' REPORT

The Board would like to draw your attention that the report of the auditors, SHINEWING (HK) CPA Limited, on the accounts of the Group for the year ended 30 June 2007 has been qualified. The relevant parts of the auditors' report that dealt with the qualification to which the auditors' report refers to are as follows:

Basis for disclaimer of opinion

Included in the consolidated balance sheet at 30 June 2007 was an available-for-sale investment stated at cost of HK\$140,020,000 in respect of the 21% equity interest in Madagascar Petroleum International Limited ("MPIL"). As disclosed in note 16 to the consolidated financial statements, MPIL is directly held by two subsidiaries, Hopestar Group Limited ("Hopestar") and Dorson Group Limited ("Dorson"). MPIL is an investment holding company and entered into the oil and gas product sharing agreement with The National Office for Mining and Strategic Industries of the Republic of Madagascar in respect of an onshore block of land ("Block 2104") in the Republic of Madagascar for oil and gas exploitation and operation. MPIL is eligible to obtain the mining titles required for exploration, exploitation and transportation for the available crude oil and available associated natural gas on Block 2104 (the "Mining Titles"). However, we were unable to obtain sufficient documentary evidence to satisfy ourselves as to assess whether any impairment is required to be recognised in respect of the carrying amount of the available-for-sale investment. In additions, we were unable to obtain sufficient evidence to satisfy ourselves as to assess whether MPIL obtained the Mining Titles, commenced any significant business operations and the Group has any long term liability and commitment in respect of the investments in Hopestar, Dorson or MPIL as at 30 June 2007.

Included in the consolidated balance sheet at 30 June 2007 was a deposit paid for acquisition of a subsidiary of approximately HK\$100,000,000. As disclosed in note 18 to the consolidated financial statements, the deposit was paid to Udaya Holdings Limited ("Udaya") for the acquisition of 96.66% equity interests in Dormer Group Limited ("Dormer") and the sole asset held by Dormer is the 15% equity interests in MPIL. Further to the limited evidence in relation to MPIL as mentioned above, we were unable to obtain the sufficient information to satisfy ourselves as to assess whether any impairment is required to be recognised in respect of the deposit paid for the acquisition of a subsidiary.

Moreover, as disclosed in note 16 to the consolidated financial statements, the board of directors of MPIL comprises of three directors, one of whom was nominated by the Company. However, the directors of the Company are of the opinion that a substantial or majority ownership is held by another investor who actually precludes them from having significant influence in MPIL. Therefore, the investment in MPIL is regarded as available-for-sale investment.

In the absence of the sufficient reliable evidence, we were unable to assess whether the classification of interests in MPIL as available-for-sale investment in the consolidated balance sheet was appropriate or not.

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters set out above. Any adjustments found to be necessary in respect of the matters set out above would have a consequential significant effect on the net assets of the Group at 30 June 2007 and the loss of the Group for the year then ended.

Disclaimer of opinion: disclaimer on view given by consolidated financial statements

Because of the significance of the matters described in basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 30 June 2007 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 June 2007 (2006: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the year ended 30 June 2007, the Group's turnover amounted to approximately HK\$6.84 million, comparing to HK\$3.97 million reported in the preceding year. It was an increase of approximately 72.3%. Loss attributable to shareholders for the year was HK\$43.51 million, compared to loss of HK\$83.19 million in year 2006, representing a decrease of 47.7%. The loss was mainly due to the recognized impairment loss in respect of the intangible asset – patents and technology amounting to HK\$10.47 million and the additional operating expenses incurred for business expansion in the year.

Business Review

During the year under review, financial information services (WINFCS) marketed via Star Financial brand, and DNA security service and epayment platform service (DNAPAY) enabled by patented DNA technology, were still the Group's core business segments, while the Group diversified its business scope into the oil and gas exploitation industry.

During the year ended 30 June 2007, the Group's financial information service (WINFCS) recorded a turnover of HK\$2.85 million (2006: HK\$2.53 million) which accounted for 41.7% of the total turnover. A loss of HK\$1.08 million was incurred in this division of business, an increase of 20.0% when compared with a loss of HK\$0.9 million in the year 2006.

Due to a healthy growth in China and Hong Kong, the DNA security service and DNAPAY service contributed to approximately 57.9% of the Group's total turnover, amounting to approximately HK\$3.96 million compared with HK\$1.41 million in the year 2006, an increase of 180.9%. A loss of HK\$5.41 million was incurred in this division of business, a decrease of 42.6% when compared with a loss of HK\$9.43 million in the year 2006.

Net Asset Value

As at 30 June 2007, the Group's total net asset amounted to HK\$301.08 million, represented an increase of 72.6% comparing to HK\$174.41 million as at 30 June 2006.

Liquidity and Financial Resources

The Group recorded a net cash inflow of approximately HK\$22.47 million during the year. At 30 June 2007, cash and bank balances of the Group amounted to approximately HK\$24.94 million (2006: HK\$2.98 million). The Group did not have any bank or other borrowings as at the year end date (2006: HK\$1.94 million).

The Group conducted most of its business in Renminbi, United States dollars and Hong Kong dollars so that it does not have any significant exposure to foreign exchange fluctuation.

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil at 30 June 2007 (2006: 1.1%) as the Group did not have any borrowings as at the year end date.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 25 July 2007, Dorson Group Limited, a wholly owned subsidiary of the Company, has acquired 96.66% of the entire issued share capital of Dormer Group Limited ("Dormer") (the "Acquisition"). Dormer holds 15% interest in Madagascar Petroleum International Limited ("MPIL") in which the Company has 21% indirect interest prior to the Acquisition. Following the Acquisition, the Group has a total integrated interest of 35.5% in MPIL.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries and associated companies during the year.

Business Outlook

Carrying a mobile phone has become almost as common as carrying a wallet. This creates tremendous business opportunities for us, who are providing proprietary solutions and services based on mobile phone popularities. DNA project with Bank of China has been successfully launched in December 2006. We are working on to launch new DNA services with different partners to enhance existing services and enable new services, such as DNA Pay, a unique mobile payment solution. By riding on the next wave of technology and services innovations, our patented DNA technology gives us an absolute competitive edge in the market place.

DNA Marketing Services, delivered through a Web-based SMS marketing system, continue to grow. It allows mass promotion messages to be delivered via mobile SMS. We expect this service will constantly contribute to the revenue stream.

DNA Mobile Email Services, enabled by DNA technology, will be launched together with Hutchison Global Communications in Q4 2007. The Group has identified a huge potential market for mobile email services. Targeting mass market, it will address the ever-increasing needs of mobile email for any mobile users with or without data services enabled. We believe we can quickly penetrate market and gain significant market share in this market segment.

Financial information service industry is growing positively. We are revamping the whole services offerings adopting the latest technology to cope with fast changing market place. Our customer base is increasing since feature enriched new software and services were launched in April 2007. Since then, the service portal – 128128.com, has received great attentions and drive significant traffic to the portal.

Targeting end-users and corporations in Hong Kong and mainland China, we aim to become the leading player by providing an integrated financial information service platform. We expect financial information services will constantly contribute to the Group's revenue stream.

As approved in the Special General Meeting of Shareholders held on 25 July 2007, the Company increased its share holding of MPIL from 21% to 35.5%. MPIL is an investment holding company incorporated in June 2005 and entered into the oil and gas product sharing agreement on 7 October 2005 with Office Des Mines Et Des Industries Strategiques ("OMNIS") of the Republic of Madagascar of approximately 20,100 square kilometres in the Republic of Madagascar for oil and gas exploitation and operation.

As announced on 25 May 2007 and 29 August 2007, the Company entered into the agreement with Templeton Global Limited ("Templeton Global") for grant of option to purchase potential oil assets. Templeton Global is a company incorporated in the British Virgin Islands with limited liability and its sole assets is 100% interest in Sinoreach Limited. Sinoreach Limited, which is a company incorporated in the British Virgin Islands with limited liability, owns the sole asset of 60% interest in **Кен-Ай-Ойл-Кызылорда** ("KAOK"). KAOK, which is a limited liability company formed under the laws of Kazakhstan, holds 100% of mineral right to develop certain oil fields with an area size of 42.2 square kilometre in Akytubinsk, Kazakhstan with an estimated reserves in excess of 30 million barrels of oil. The mineral right held by KAOK is an oil exploitation and operation agreement dated 15 October 2004 and made between the National Office for Energy and Mining of Republic of Kazakhstan and KAOK for a maximum of 9 years. The option period after extension will be expired on 31 October 2007.

On 10 October 2007, the Company entered into a framework agreement with Mr. Zorigt and Mr. Chuluunbat (the "Vendors") in relation to the proposed acquisition of 51% equity interest in Satellite Geological Survey Co., Limited ("SGS"). From the information provided by the Vendors, the Government of Mongolia will grant certain concession rights to SGS on the exploration and exportation of natural resources, essentially oil and gas, in relation to Blocks VII, IX, XN, XS and XXVI ("the Blocks") lie in the south of Mongolia. The Vendors advised the Company that the total depression area of the Blocks is approximately 100,000 km² and pursuant to the preliminary evaluation of the Vendors, the total oil resources of the Blocks may amount to 1 billion tonne. The Company and the Vendors shall enter into a definitive agreement on or before 31 January 2008.

The Company will continue searching for other energy projects which may create value for its shareholders.

Human Resources

As at 30 June 2007, the Group had 29 and 46 employees in Hong Kong and Mainland China respectively. Employees are remunerated at a competitive level and are rewarded according to their performance. Our Group's remuneration packages include medical scheme, group insurance, mandatory provident fund and performance bonus.

According to the share option scheme adopted by the Company on 30 July 2004, share options may be granted to directors and eligible employees of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the year ended 30 June 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 30 June 2007, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

Throughout the year ended 30 June 2007, the Company has applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules and complied with all the applicable code provisions of the Code, except that the existing independent non-executive directors of the Company were not appointed for a specific term as required under the Code Provision A.4.1 but are subject to retirement by rotation in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company comprises Mr. Wong Che Man, Eddy, Mr. Tang King Fai and Mr. Dai Zhongcheng, all of them are independent non-executive directors. The audited consolidated financial statements of the Group for the year ended 30 June 2007 have been reviewed by the audit committee.

APPRECIATION

On behalf of the Board, I would take this opportunity to express my appreciation to the continuous support of our shareholders and dedication of all our staff over the past year.

By order of the Board of
Smart Rich Energy Finance (Holdings) Limited
Wong Kam Fu
Chairman

Hong Kong, 22 October 2007

As at the date of this announcement, the Board comprises Mr. Wong Kam Fu, Mr. Tam Wai Keung, Billy, Mr. Lew Mon Hung, Mr. Wong Hong Loong, Mr. Sin Chi Keung, Mega and Mr. Edward Patrick Jacobson as executive directors, Mr. Frank Douglas Magnus and Mr. Tang Yantian as non-executive directors, and Mr. Wong Che Man, Eddy, Mr. Tang King Fai and Mr. Dai Zhongcheng as independent non-executive directors.