



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)

2007/2008 INTERIM RESULTS ANNOUNCEMENT

GROUP RESULTS

The Board of Directors (the “Board”) of Smart Rich Energy Finance (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2007 together with the comparative figures for the six months ended 31 December 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2007

		For the six months ended 31 December	
	Notes	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Turnover	(2)	3,990	3,163
Cost of sales		<u>(3,108)</u>	<u>(2,209)</u>
Gross profit		882	954
Other operating income		1,591	574
Distribution costs		(741)	(624)
Administrative expenses		(37,274)	(12,199)
Share-based payment expense		-	(7,259)
Finance costs		-	(211)
Gain on disposal of partial interest in a jointly controlled entity		-	920
Loss attributable to financial assets at fair value through profit or loss		(2,843)	(47)
Share of loss of a jointly controlled entity		<u>(598)</u>	<u>(365)</u>
Loss before income tax	(3)	(38,983)	(18,257)
Income tax	(4)	<u>-</u>	<u>-</u>
Loss for the period		<u><u>(38,983)</u></u>	<u><u>(18,257)</u></u>
Attributable to:			
- Equity holders of the Company		(38,830)	(18,257)
- Minority interests		<u>(153)</u>	<u>-</u>
		<u><u>(38,983)</u></u>	<u><u>(18,257)</u></u>
Loss per share			
- Basic	(5)	<u><u>HK(1.08) cents</u></u>	<u><u>HK(0.76) cents</u></u>

* For identification purpose only

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	At 31 December 2007 HK\$'000 (unaudited)	At 30 June 2007 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		4,380	3,082
Interest in a jointly controlled entity		-	598
Available-for-sale financial assets		506,780	140,020
Deposits paid for acquisition of properties		10,104	10,104
Deposit paid for the acquisition of a subsidiary		-	100,000
		<u>521,264</u>	<u>253,804</u>
CURRENT ASSETS			
Temporary payments		-	7,838
Deposit paid for the acquisition of an available-for-sale investment		7,500	3,000
Deposit paid for the acquisition of coal resources	(6)	23,351	-
Debtors, deposits and prepayments	(7)	4,431	2,502
Financial assets at fair value through profit or loss		5,595	6,338
Pledged bank deposit		161	7,076
Bank balances and cash		59,253	24,937
		<u>100,291</u>	<u>51,691</u>
CURRENT LIABILITIES			
Other creditors and accrued charges		3,499	2,871
Provision for taxation		1,545	1,545
		<u>5,044</u>	<u>4,416</u>
NET CURRENT ASSETS		<u>95,247</u>	<u>47,275</u>
NET ASSETS		<u>616,511</u>	<u>301,079</u>
CAPITAL AND RESERVES			
Share capital		37,408	31,443
Reserves		579,103	269,579
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		616,511	301,022
Minority interests		-	57
TOTAL EQUITY		<u>616,511</u>	<u>301,079</u>

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2007.

The accounting policies and methods of computation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2007, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which also included HKASs, amendments and interpretations, that affect the Group and are adopted for the first time for the current period’s financial statements.

HKAS 1 Amendment	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment ²
HK(IFRIC) - Int 11	HKFRS2 – Group and Treasury Share Transactions ³

The Group has carried out an assessment of these standards, amendments and interpretations and considered that they have no significant impact on these unaudited condensed consolidated interim financial statements.

The Group has not early applied the following new and revised standards, amendments or interpretations, which have been issued but are not yet effective, in these unaudited condensed consolidated interim financial statements:

HKAS 1 (Revised)	Presentation of Financial Statements ⁴
HKAS 23 (Revised)	Borrowing Costs ⁴
HKFRS 8	Operating Segments ⁴
HK(IFRIC) - Int 12	Service Concession Arrangements ⁵
HK(IFRIC) - Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC) - Int 14	HKAS19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁵

¹ Effective for accounting period beginning on or after 1 January 2007

² Effective for accounting period beginning on or after 1 November 2006

³ Effective for accounting period beginning on or after 1 March 2007

⁴ Effective for accounting period beginning on or after 1 January 2009

⁵ Effective for accounting period beginning on or after 1 January 2008

⁶ Effective for accounting period beginning on or after 1 July 2008

The Group has already commenced an assessment of the potential impact of these new and revised standards, amendments or interpretations but is not yet in a position to state whether these new and revised standards, amendments or interpretations would have a significant impact on its results of operations and financial position.

2. SEGMENT INFORMATION

For management purposes, the Group is currently organised into two operating divisions as detailed below. These divisions are the bases on which the Group reports its primary information. An analysis of the Group's turnover and contributions to operating results is as follows:

	(Unaudited)			
	For the six months ended 31 December 2007		2006	
	Turnover HK\$'000	Segment results HK\$'000	Turnover HK\$'000	Segment results HK\$'000
Provision of financial information services	1,830	(248)	1,333	(165)
Provision of credit card security device and digital network authorisation services	2,157	(2,108)	1,815	(3,417)
Others	3	(8)	15	(40)
	<u>3,990</u>	<u>(2,364)</u>	<u>3,163</u>	<u>(3,622)</u>
Unallocated corporate expenses		(34,297)		(15,506)
Other operating income		1,119		574
Finance costs		-		(211)
Loss attributable to financial assets at fair value through profit or loss		(2,843)		(47)
Share of loss of a jointly controlled entity		(598)		(365)
Gain on disposal of partial interest in a jointly controlled entity		-		920
Loss before income tax		<u>(38,983)</u>		<u>(18,257)</u>

3. LOSS BEFORE INCOME TAX

	(Unaudited)	
	For the six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
Loss before income tax has been arrived at after charging / (crediting) :-		
Staff costs :		
Staff costs, including directors' emoluments	21,182	15,072
Retirement benefit schemes contributions	315	156
Total staff costs	<u>21,497</u>	<u>15,228</u>
Depreciation of property, plant and equipment	624	571
Interest income	<u>(1,187)</u>	<u>(146)</u>

4. INCOME TAX

For the six months ended 31 December 2007 and 2006, no provision for Hong Kong profits tax and overseas profits tax had been made in the unaudited condensed consolidated interim financial statements as the Group had no assessable profit.

5. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period of HK\$38,983,000 (six months ended 31 December 2006: HK\$18,257,000) and the weighted average number of 3,614,361,244 ordinary shares (six months ended 31 December 2006: 2,399,314,349 ordinary shares) in issue during the period.

No diluted loss per share has been presented for the six months ended 31 December 2007 and 2006 as the exercise of the share options and convertible note would result in a decrease in the loss per share.

6. DEPOSIT PAID FOR THE ACQUISITION OF COAL RESOURCES

The balance as at 31 December 2007 represents a US\$3 million (equivalent to approximately HK\$23 million) refundable deposit paid to Guo Ye PRC Inc. ("Guo Ye") for the acquisition of 51% equity interest in Mongol Oil Shale LLC which holds coal resources in Mongolia.

However, following the lapse of the framework agreement with Guo Ye on 31 January 2008 and no definitive agreement has been entered accordingly, the deposit should be refunded by Guo Ye and the Company has already proceeded to recover the deposit.

7. 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:

	(Unaudited) At 31 December 2007 HK\$'000	(Audited) At 30 June 2007 HK\$'000
0-60 days	572	550
61-90 days	195	510
Over 90 days	12	296
Trade debtors	779	1,356
Other debtors, deposits and prepayments	5,162	2,656
	5,941	4,012
Less: Allowance for bad and doubtful debts	(1,510)	(1,510)
	4,431	2,502

8. POST BALANCE SHEET EVENTS

- (a) On 5 March 2008, a wholly owned subsidiary of the Company has entered into a sale and purchase agreement with Clear Smooth Investments Limited (“Clear Smooth”) in relation to the acquisition of 51% of the issued share capital of Mongol Oil Shale LLC (“Mongol Oil”), a company incorporated in Mongolia.

The consideration of the acquisition is a sum of US\$45 million (equivalent to approximately HK\$351 million) and shall be satisfied (i) as to US\$30 million (equivalent to approximately HK\$234 million) in cash and (ii) as to US\$15 million (equivalent to approximately HK\$117 million) by issue of convertible notes by the Company to Clear Smooth or its nominee.

Details of the acquisition are set out in the announcement dated 5 March 2008.

- (b) A writ dated 7 March 2008 was filed by Guo Ye to the High Court of the Hong Kong Special Administrative Region (Action number: 364 of 2008) against the Company and Triple Winner International Limited (“Triple Winner”), a wholly owned subsidiary of the Company, in relation to the lapsed framework agreement as mentioned in note 6 of the condensed financial statements.

At this moment, the Directors are of the view that Guo Ye has no cause of action against the Company and/or Triple Winner, and accordingly, no provision has been accounted for in this interim financial report.

9. RELATED PARTY TRANSACTIONS

During the six months ended 31 December 2007, the Group has entered into the following transactions with related parties:-

- (a) Key management personnel compensation

	(Unaudited)	
	For the six months ended	
	31 December	
	2007	2006
	HK\$'000	HK\$'000
Salaries, bonus and other benefits	16,331	4,039
Share option benefits	-	176
Contributions to retirement benefit scheme	30	38
	16,361	4,253

- (b) A rental income of HK\$313,000 was receivable from a jointly controlled entity for the six months ended 31 December 2007 (six months ended 31 December 2006: Nil).
- (c) As at 31 December 2007, an amount due from a jointly controlled entity of HK\$236,000 was included in the balance of debtors, deposits and prepayments of HK\$4,431,000 (As at 30 June 2007: Nil).

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2007 (six months ended 31 December 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the six months ended 31 December 2007, the Group's turnover amounted to approximately HK\$3.99 million, comparing to HK\$3.16 million reported in the same period of 2006. It was an increase of approximately 26.15%. Gross profit from operation for the first six months under review was approximately HK\$0.88 million, comparing to a gross profit of HK\$0.95 million for the corresponding period in 2006. Loss attributable to shareholders for the first six months under review was HK\$38.83 million, compared to loss of HK\$18.26 million in the same period of 2006, representing an increase of 112.69%.

BUSINESS REVIEW

During the period under review, DNA security service, DNA Mobile email services and financial information services (WINFCS) are still the Group's core business segment. Apart from these, the Group diversified its business scope into natural resources exploitation industry by investing in Madagascar Petroleum International Limited ("MPIL") and looking for business opportunities in natural resources field in Mongolia.

During the six months ended 31 December 2007, the Group's financial information service (WINFCS) recorded a turnover of HK\$1.83 million (2006: HK\$1.33 million) which accounted for 45.86% of the total turnover. A loss of HK\$0.25 million was incurred in this division of business, representing an increase of 50.30% when compared with a loss of HK\$0.17 million for the same period of 2006.

Due to the continue growth in China and Hong Kong, the DNA security service and DNAPAY service contributed to approximately 54.06% of the Group's total turnover, amounting to approximately HK\$2.16 million compared with HK\$1.82 million for the six months ended 2006, representing an increase of 18.84%. A loss of HK\$2.11 million was incurred in this division of business, representing a decrease of 38.31% when compared with a loss of HK\$3.42 million reported in the same period of 2006.

Net asset value

As at 31 December 2007, the Group's total net asset amounted to HK\$616.51 million representing an increase of HK\$315.43 million comparing to financial year ended 30 June 2007. Based on the total number of 3,740,843,782 ordinary shares issued as at 31 December 2007, net asset value per share was HK16.48 cents.

Liquidity and financing

The Group recorded a net cash inflow of approximately HK\$33.65 million during the period under review. At 31 December 2007, cash and bank balances of the Group amounted to approximately HK\$59.25 million, compared to approximately HK\$24.94 million at 30 June 2007. Meanwhile, a bank deposit of approximately HK\$6,918,000 pledged to a bank to secure the general banking facilities granted to a subsidiary of the Group as at 30 June 2007 was properly released upon the expiry of the respective general banking facilities during the period, and a bank deposit of approximately HK\$161,000 was pledged to a bank to secure a merchant account of a subsidiary as at 31 December 2007 (30 June 2007: HK\$158,000).

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil at 31 December 2007 (30 June 2007: nil) as the Group did not have any borrowings as at 31 December 2007.

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.

BUSINESS OUTLOOK

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

DNA Mobile Email Services, enabled by DNA technology, has launched together with Hutchison Global Communications. With the view that there is huge potential market for mobile email services, further marketing activities will be held to target the mass market for the ever-increasing needs of mobile email for any mobile users with or without data services enabled, we believe that we can quickly penetrate this market and gain significant market share in this market segment.

Financial information service industry is growing constantly. We are revamping the whole services offerings adopting the latest technology to cope with the 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. In addition to the existing services packages, new service plan will be launched in the coming future to target for the low to medium class of financial services user with the aim to further enlarge our market sharing in this sector of business.

During the period under review, in line with the Group's mission to diversify its business scope into the natural resources exploitation industry, it has increased its shareholding in MPIL from 21% to 36%. 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 of the Republic of Madagascar in respect of an onshore block of land (Oilfield Block 2104) of approximately 20,100 square kilometers in the Republic of Madagascar for oil and gas exploitation and operation. Pursuant to a valuation report on Oilfield Block 2104 recently released by Sino Union Petroleum & Chemical International Limited (Stock Code: 346) on 12 March 2008, the estimated market value of Oilfield Block 2104 was amounted to HK\$5 billion, of which the estimated market value of the Group's 36% equity interest in Oilfield Block 2104 will be amounted to HK\$1.8 billion.

As announced on 5 March 2008, the Company entered into a sale and purchase agreement (the "S&P Agreement") with Clear Smooth Investments Limited in relation to the acquisition of 51% of the issued share capital of Mongol Oil Shale LLC ("Mongol Oil") at a total consideration of US\$45 million (equivalent to approximately HK\$351 million).

Mongol Oil currently holds two exploration licences and one mining licence in relation to an area of approximately 96 square kilometers situated in Bayan Soum of the Tuv Province, Mongolia and is very close to Ulaanbaatar. It is situated at approximately 115 kilometers southeast to Ulaanbaatar, approximately 4 kilometers to the Ulaanbaatar-Baganuur railway line and approximately 30 kilometers to the Ulaanbaatar-Beijing railway line.

It is two of the condition precedent of the S&P Agreement that the Group must receive (i) a report issued to the Company from a qualified technical expert acceptable to the Group relating to the state and condition of the mine, and confirming that the proven exploitable and extractable reserves of coal within the mine of not less than 800 million tons; and (ii) a valuation report in the form and substance acceptable to the Group from an independent valuer of international standing appointed by the Group and showing the value of the mining project of not less than US\$100 million (equivalent to approximately HK\$780 million). In this connection and considering the convenience of the mine location which could lower the start-up cost and hiring costs of workforce for commercial exploitation and production, the acquisition of Mongol Oil represents a good investment opportunity for the Group.

As Mongolia is rich in natural resources, the Group will continue to explore other investment opportunities in Mongolia and/or other countries which may create value for its shareholders.

Human Resources

As at 31 December 2007, the Group had 30 and 49 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 LISTED SECURITIES

During the six months ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Compliance of the Code on Corporate Governance Practices of the Listing Rules

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2007, except for the deviation from the Code Provision A.4.1 in respect of the service term of directors.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The existing independent non-executive directors do not have a specific term of appointment but are subject to the retirement by rotation and re-election at each annual general meeting under the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Enquiry has been made with all directors and the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 31 December 2007.

AUDIT COMMITTEE

The Audit Committee, with terms of reference in compliance with the provisions set out in the CG Code, comprises three members who are all independent non-executive directors of the Company for the six months ended 31 December 2007. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 31 December 2007.

APPRECIATION

The Board would like to thank the Group's management and staffs for their hard work and dedication, as well as our shareholders and customers for their support to the Group.

By order of the Board
Wong Kam Fu
Chairman

Hong Kong, 17 March 2008

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