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NEW SMART ENERGY GROUP LIMITED

駿新能源集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 91)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

Based on the information currently available, the Board wishes to inform the shareholders of the Company and potential investors that further to those set out in interim report of the Company relating to the Group's Interim Results, the annual results of the Group for the year ended 31 December 2011 will be further deteriorated from the Interim Results as the Group will further recognize an impairment loss on production sharing contract for the year ended 31 December 2011. The Group is therefore expected to record a significant loss for the year ended 31 December 2011 as compared to the audited annual results for the corresponding period in 2010.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.

This announcement is made by New Smart Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Reference is made to the interim results of the Group for the six months ended 30 June 2011 (the “**Interim Results**”) and issued on 17 August 2011.

As set out in the Interim Results, the Group recorded a loss for the six months ended 30 June 2011 which was primarily attributable to the substantial reduction in fair value gain of the embedded derivative portion of the convertible notes of the Company (the “**Convertible Note**”) though we also recognized a gain on disposal of the discontinued operation and disposal group classified as held for sale in the same period.

In addition to this, based on the information currently available, the board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that that the annual results of the Group for the year ended 31 December 2011 will be further deteriorated from the Interim Results as the Group will further recognize an impairment loss on production sharing contract for the year ended 31 December 2011. The Group is therefore expected to record a significant loss for the year ended 31 December 2011 as compared to the audited annual results for the corresponding period in 2010.

The Company is in the process of finalizing the Group's annual results for the year ended 31 December 2011. The information contained in this announcement is only based on a preliminary assessment on the consolidated management accounts of the Group as at 31 December 2011 which will be subject to the final review procedures of the Company's auditors. Details of the Group's performance will be disclosed as and when the final results for the year ended 31 December 2011 are announced.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.

By order of the Board
New Smart Energy Group Limited
Tam Tak Wah
Executive Director

Hong Kong, 16 March 2012

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Wai Keung, Mr. Lo Tai In, Mr. Tam Tak Wah, Mr. Tong Nai Kan and Ms. Tsang Ching Man and the independent non-executive directors of the Company are Mr. Chan Tsz Kit, Mr. Chan Yim Por Bonnie and Mr. Wang Li.