

## Report of the Auditors

---



SHINEWING (HK) CPA Limited  
20/F., Shui On Centre  
6-8 Harbour Road, Hong Kong

To the members of

**Smart Rich Energy Finance (Holdings) Limited**  
**(Formerly known as Credit Card DNA Security System (Holdings) Limited)**  
*(Incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Smart Rich Energy Finance (Holdings) Limited (the “Company”) and its subsidiaries (the “Group”) on pages 29 to 79 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company’s directors are responsible for the preparation of consolidated financial statements which give a true and fair view. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

### BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the consolidated financial statements are free from material misstatement, however, the evidence available to us was limited as further explained below.

### SCOPE LIMITATION

Included in the consolidated balance sheet at 30th June 2006 was an available-for-sale investment stated at cost of HK\$140,020,000 in respect of the equity interest in Madagascar Petroleum International Limited (“MPIL”) as disclosed in note 17 of 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 30th June 2006. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the carrying value of the available-for-sale investment was free from material misstatement.

Included in the consolidated balance sheet at 30th June 2006 was an intangible asset stated at the net carrying amount of HK\$10,472,000 after an impairment losses recognised. An impairment assessment has been performed by the directors of the Company to determine the recoverable amount on the basis of future value in use and an impairment loss of HK\$37,128,000 has been recognised in the consolidated income statement for the year ended 30th June 2006. In the absence of the sufficient reliable evidence to support the directors’ assessment of the future value in use, we have not been able to satisfy ourselves as to whether any impairment loss is required to be recognised in respect of this intangible asset. Also we were unable to obtain sufficient evidence to assess whether the existing impairment loss of HK\$37,128,000 recognised in respect of the intangible asset for the year ended 30th June 2006 was adequate, and in consequence we were unable to satisfy ourselves that the net carrying value of the intangible asset as at 30th June 2006 was free from material misstatement.

Any adjustment found to be necessary would affect the net assets of the Group as at 30th June 2006 and the loss of the Group for the year then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

## Report of the Auditors

### FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 2.2 to the consolidated financial statements which explain that the directors are taking active steps to improve the liquidity position of the Group and the adoption of the going concern on which the consolidated financial statements have been prepared. Provided that additional equity fundings can be secured, the directors are satisfied that the Group will be able to meet its future working capital. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the successful outcome of the Group's funding plans and the improvement of operating results and positive cash flow operations of the Group to meet its future working capital. The consolidated financial statements do not include any adjustments that would result from failure to obtain such future funding. We consider that the fundamental uncertainty has been adequately disclosed in the consolidated financial statements. However, we consider that this fundamental uncertainty relating to whether the going concern basis is appropriate is so extreme, we disclaim our opinion in respect of the fundamental uncertainty relating to the going concern basis.

### DISCLAIMER OF OPINION

Because of the significance of the possible effect of the limitation in evidence available to us relating to the carrying value of the available-for-sale investment and carrying amount of intangible asset and the fundamental uncertainty relating to the going concern basis, we are unable to form an opinion as to whether the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30th June 2006 and of the loss and cash flows of the Group for the year then ended. 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.

In respect alone of the limitations on our work relating to the carrying value of the available-for-sale investment and carrying amount of intangible asset, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

#### **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

#### **Lau Miu Man**

Practising Certificate Number: P03603

Hong Kong, 16th October 2006