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# NEW TIMES ENERGY CORPORATION LIMITED
# 新 時 代 能 源 有 限 公 司 *

*(incorporated in Bermuda with limited liability)*

**(Stock code: 00166)**

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "Board") of New Times Energy Corporation Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 as follows:–

**CONSOLIDATED INCOME STATEMENT**
*For the year ended 31 December 2009*

| | *Note* | **2009** *HK$'000* | 2008 *HK$'000* |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Turnover | *3 & 4* | **9,196** | 33,020 |
| Cost of sales | | **(9,150)** | (32,010) |
| Gross profit | | **46** | 1,010 |
| Other revenue | *5(a)* | **2,111** | 2,977 |
| Other net income | *5(b)* | **8,055** | 256 |
| Other operating income | *5(c)* | **476** | – |
| Administrative expenses | | **(28,501)** | (24,698) |
| Other operating expenses | | **(10,819)** | (2,225) |
| Loss from operations | | **(28,632)** | (22,680) |
| Finance costs | *6(a)* | **(1,847)** | (1) |
| | | **(30,479)** | (22,681) |
| Gain on disposal of subsidiaries | | **–** | 80 |
| Share of losses of a jointly controlled entity | | **(5,522)** | (4,372) |
| Loss before taxation | | **(36,001)** | (26,973) |
| Income tax | *7* | **27** | (154) |
| Loss for the year from continuing operations | | **(35,974)** | (27,127) |

* *for identification purpose only*

| | Note | **2009** *HK$'000* | 2008 *HK$'000* |
|---|---|---|---|
| **DISCONTINUED OPERATIONS** | | | |
| Loss for the year from discontinued operations | | **–** | (15,024) |
| Loss for the year | *6* | **(35,974)** | (42,151) |
| Loss for the year attributable to: | | | |
| Owners of the Company | | **(31,934)** | (42,151) |
| Minority interests | | **(4,040)** | – |
| | | **(35,974)** | (42,151) |
| **Loss per share** | *8* | | |
| From continuing and discontinued operations | | | |
| – Basic and diluted | | **(1.10 cents)** | (5.40 cents) |
| From continuing operations | | | |
| – Basic and diluted | | **(1.10 cents)** | (3.48 cents) |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*For the year ended 31 December 2009*

| | Note | **2009** *HK$'000* | 2008 *HK$'000* |
|---|---|---|---|
| **Loss for the year** | | (35,974) | (42,151) |
| **Other comprehensive income** | | | |
| Exchange difference arising on translation of financial statements of overseas subsidiaries: | | | |
| – Exchange (losses)/gains arising during the year | | (51) | 845 |
| – Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of foreign operations | | – | (4,604) |
| Total comprehensive income for the year (net of tax) | | (36,025) | (45,910) |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | (31,968) | (45,910) |
| Minority interests | | (4,057) | – |
| | | (36,025) | (45,910) |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 31 December 2009*

| | Note | 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Exploration and evaluation assets | 11 | **3,247,828** | – |
| Property, plant and equipment | | **1,885** | 2,309 |
| Intangible assets | | **3,246** | – |
| Deposit paid for potential investment | | **30,000** | 54,600 |
| Interest in a jointly controlled entity | | **9,606** | 15,128 |
| | | **3,292,565** | 72,037 |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | 12 | **42,447** | 91,715 |
| Restricted bank deposits | | **9,265** | – |
| Pledged bank deposits | | **28,355** | – |
| Cash and cash equivalents | | **163,747** | 154,085 |
| | | **243,814** | 245,800 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 13 | **13,736** | 6,084 |
| Bank and other borrowings | | **85,368** | – |
| Obligations under finance leases | | **12** | 12 |
| Current taxation | | **12** | 18 |
| Provisions | | **7,713** | – |
| | | **(106,841)** | (6,114) |
| **NET CURRENT ASSETS** | | **136,973** | 239,686 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **3,429,538** | 311,723 |
| **NON-CURRENT LIABILITIES** | | | |
| Obligations under finance leases | | **13** | 25 |
| Deferred tax liabilities | | **–** | – |
| | | **(13)** | (25) |
| **NET ASSETS** | | **3,429,525** | 311,698 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **551,000** | 78,197 |
| Reserves | | **2,880,889** | 233,501 |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | | **3,431,889** | 311,698 |
| **MINORITY INTERESTS** | | **(2,364)** | – |
| **TOTAL EQUITY** | | **3,429,525** | 311,698 |

NOTES:

## 1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries and the Group's interest in a jointly controlled entity.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional and presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are carried at their fair value as explained in the accounting policies set out in notes to the financial statements.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in notes to the financial statements.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

| | |
|---|---|
| HKAS 1 (Revised 2007) | Presentation of Financial Statements |
| HKAS 23 (Revised 2007) | Borrowing Costs |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| HKFRS 2 (Amendment) | Vesting Conditions and Cancellations |
| HKFRS 7 (Amendment) | Improving Disclosures about Financial Instruments |
| HKFRS 8 | Operating Segments |
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009 |
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39 |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation |
| HK(IFRIC)-Int 9 & HKAS 39 (Amendments) | Embedded Derivatives |
| HK(IFRIC)-Int 13 | Customer Loyalty Programmes |
| HK(IFRIC)-Int 15 | Agreements for the Construction of Real Estate |
| HK(IFRIC)-Int 16 | Hedges of a Net Investment in a Foreign Operation |
| HK(IFRIC)-Int 18 | Transfers of Assets from Customers |

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief operating decision maker, and has resulted in additional reportable segments being identified and presented (see note 4). Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with owners in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognized as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- The "Improvements to HKFRSs (2008)" comprise a number of amendments to a range of HKFRSs. Of these, the following amendment has resulted in changes to the Group's accounting policies:

    – As a result of amendments to HKAS 28, Investments in associates, impairment losses recognised in respect of the jointly controlled entity carried under the equity method are no longer allocated to the goodwill inherent in that carrying amount. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries and jointly controlled entity, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognizing dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

## 3. TURNOVER

The principal activities of the Group are general trading and exploration of natural resources. In last year, the Group's property investment and development operation and provision of financial services operation were discontinued.

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the year, for both continuing and discontinued operations, is as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| Trading of non-ferrous metals | **–** | 26,046 |
| Trading of frozen food | **9,196** | 6,974 |
| | **9,196** | 33,020 |
| Discontinued operations | **–** | – |
| | **9,196** | 33,020 |

## 4. SEGMENT INFORMATION

The Group manages its businesses by divisions which are organized by a mixture of both business lines (products and services) and geography. On first-time adoption of HKFRS 8 and in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

| | |
|---|---|
| General trading | This segment includes trading of non-ferrous metal and frozen foods. Currently, the Group's general trading activities are carried out in Hong Kong. |
| Exploration of natural resources | This segment is engaged in the exploration of natural resources in Argentine Republic ("Argentina"). The activities carried out in Argentina are through a non-wholly owned subsidiary. |

### (a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in the annual financial report has been prepared in a manner consistent with the information used by the Group's chief operating decision maker for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all non-current assets and current assets with the exception of interest in a jointly controlled entity and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of current taxation and certain liabilities unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is "profit/(loss) from operations". In addition to receiving segment information concerning profit/(loss) from operations, the chief operating decision maker is provided with segment information concerning revenue, interest income, interest expenses, depreciation and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the year is set out below:

| | General trading | | Exploration of natural resources | | Total | |
|---|---|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **For the year ended 31 December** | | | | | | |
| Revenue from external customers | **9,196** | 33,020 | **–** | – | **9,196** | 33,020 |
| Reportable segment revenue | **9,196** | 33,020 | **–** | – | **9,196** | 33,020 |
| Reportable segment loss | **(312)** | (3,011) | **(12,269)** | – | **(12,581)** | (3,011) |
| Depreciation and amortisation | **121** | 498 | **–** | – | **94** | 498 |
| Interest income | **(393)** | (1,827) | **–** | – | **(393)** | (1,827) |
| Interest expenses | **181** | – | **–** | – | **181** | – |
| **As at 31 December** | | | | | | |
| Reportable segment assets | **80,963** | 43,739 | **3,302,904** | – | **3,383,867** | 43,739 |
| Additions in non-current segment assets during the year | **3,425** | 7 | **3,248,137** | – | **3,251,562** | 7 |
| Reportable segment liabilities | **(54,203)** | (2,554) | **(8,218)** | – | **(62,421)** | (2,554) |

**(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities**

| | Year ended 31 December | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| Reportable segment revenue | **9,196** | 33,020 |
| Consolidated turnover | **9,196** | 33,020 |
| **Loss** | | |
| Reportable segment loss | **(12,581)** | (3,011) |
| Unallocated operating income and expenses | **(13,289)** | (19,589) |
| Finance costs | **(1,847)** | (1) |
| Share of post-tax loss of a jointly controlled entity | **(5,522)** | (4,372) |
| Loss on early settlement of promissory notes | **(10,817)** | – |
| Net fair value gain on financial derivative instruments | **8,055** | – |
| Consolidated loss before taxation from continuing operations | **(36,001)** | (26,973) |

| | As at 31 December | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| **Assets** | | |
| Reportable segment assets | **3,383,867** | 43,739 |
| Interest in a jointly controlled entity | **9,606** | 15,128 |
| Cash and cash equivalents | **110,525** | 128,813 |
| Deposit paid on potential investment | **30,000** | 54,600 |
| Unallocated corporate assets | **2,381** | 75,557 |
| Consolidated total assets | **3,536,379** | 317,837 |
| **Liabilities** | | |
| Reportable segment liabilities | **(62,421)** | (2,554) |
| Current taxation | **(12)** | (18) |
| Other borrowing | **(40,000)** | – |
| Unallocated corporate liabilities | **(4,421)** | (3,567) |
| Consolidated total liabilities | **(106,854)** | (6,139) |

**(c) Geographical information**

The Group's operations are located in Hong Kong (country of domicile), Mainland China and Argentina.

All of the Group's revenue from continuing operations from external customers are generated in Hong Kong. Information about its non-current assets by geographical location of the assets is detailed below:

| | **Non Current assets** | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| Hong Kong (country of domicile) | **41,297** | 72,037 |
| Mainland China | **3,302** | – |
| Argentina | **3,247,966** | – |
| | **3,292,565** | 72,037 |

**(d) Information about major customers**

Revenue from sales of goods to customers in Hong Kong representing more than 10% of the Group's total revenue is shown as follows:

| | **Year ended 31 December** | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| Customer A[1] | **–** | 26,046 |
| Customer B[2] | **9,196** | 4,108 |

1 Revenue from trading of non-ferrous metals
2 Revenue from trading of frozen funds

## 5. OTHER REVENUE, NET INCOME AND OPERATING INCOME

| | Continuing operations | | Discontinued operations | | Consolidated | |
|---|---|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **(a) Other revenue** | | | | | | |
| Bank interest income | **176** | 1,945 | **–** | – | **176** | 1,945 |
| Other interest income | **1,284** | 348 | **–** | – | **1,284** | 348 |
| Total interest income from financial assets not at fair value through profit or loss | **1,460** | 2,293 | **–** | – | **1,460** | 2,293 |
| Commission income | **–** | 684 | **–** | – | **–** | 684 |
| Sundry income | **651** | – | **–** | – | **651** | – |
| | **2,111** | 2,977 | **–** | – | **2,111** | 2,977 |
| **(b) Other net income** | | | | | | |
| Net realised gain on trading securities | **–** | 194 | **–** | – | **–** | 194 |
| Net foreign exchange gain | **–** | 62 | **–** | 2,453 | **–** | 2,515 |
| Net fair value gain on financial derivative instruments | **8,055** | – | **–** | – | **8,055** | – |
| | **8,055** | 256 | **–** | 2,453 | **8,055** | 2,709 |
| **(c) Other operating income** | | | | | | |
| Interest waived upon early settlement of promissory notes | **476** | – | **–** | – | **476** | – |

## 6. LOSS FOR THE YEAR

Loss for the year is arrived at after charging:

| | Continuing operations 2009 HK$'000 | Continuing operations 2008 HK$'000 | Discontinued operations 2009 HK$'000 | Discontinued operations 2008 HK$'000 | Consolidated 2009 HK$'000 | Consolidated 2008 HK$'000 |
|---|---|---|---|---|---|---|
| **(a) Finance costs** | | | | | | |
| Interest on bank and other borrowings wholly repayable within five years | **180** | – | **–** | 700 | **180** | 700 |
| Interest on amount due to a securities dealer | **–** | – | **–** | 153 | **–** | 153 |
| Effective interest expenses on: | | | | | | |
| – promissory notes | **1,408** | – | **–** | – | **1,408** | – |
| – convertible notes | **258** | – | **–** | – | **258** | – |
| Finance charges on obligations under finance leases | **1** | 1 | **–** | – | **1** | 1 |
| Total interest expenses on financial liabilities not at fair value through profit or loss | **1,847** | 1 | **–** | 853 | **1,847** | 854 |
| **(b) Staff costs (including directors' emoluments)** | | | | | | |
| Salaries, allowances and benefits in kind | **4,776** | 8,039 | **–** | 147 | **4,776** | 8,186 |
| Retirement scheme contributions | **151** | 79 | **–** | – | **151** | 79 |
| | **4,927** | 8,118 | **–** | 147 | **4,927** | 8,265 |
| **(c) Other items** | | | | | | |
| Cost of inventories | **9,150** | 32,010 | **–** | – | **9,150** | 32,010 |
| Amortisation of intangible assets | **120** | – | **–** | – | **120** | – |
| Depreciation for property, plant and equipment | **640** | 1,268 | **–** | 6 | **640** | 1,274 |
| Valuation loss on investment properties | **–** | – | **–** | 22,224 | **–** | 22,224 |
| Net foreign exchange loss | **139** | – | **–** | – | **139** | – |
| Net loss on disposal of property, plant and equipment | **–** | 2,224 | **–** | – | **–** | 2,224 |
| Minimum lease payments under operating leases on leasehold land and buildings | **1,575** | 4,758 | **–** | – | **1,575** | 4,758 |
| Loss on early settlement of promissory notes | **10,817** | – | **–** | – | **10,817** | – |
| Auditor's remuneration | **862** | 500 | **–** | 80 | **862** | 580 |

## 7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

| | Continuing operations | | Discontinued operations | | Consolidated | |
|---|---|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Current tax | | | | | | |
| – Hong Kong Profits Tax | **–** | – | **–** | – | **–** | – |
| – PRC Enterprise Income Tax | **44** | 154 | **–** | – | **44** | 154 |
| | **44** | 154 | **–** | – | **44** | 154 |
| Over-provision in respect of prior periods | | | | | | |
| – Argentina Corporate Tax | **(71)** | – | **–** | – | **(71)** | – |
| Deferred income tax | **–** | – | **–** | – | **–** | – |
| | **(27)** | 154 | **–** | – | **(27)** | 154 |

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/09. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the current and prior years.

PRC and Argentina subsidiaries of the Group are subject to PRC Enterprise Income Tax and Argentina Corporate Tax at 25% and 35% respectively.

Provision for Foreign Enterprise Income Tax in the PRC has been calculated based on total operating expenses of the PRC representative office of the Company in accordance with the provisions of the Circular of the State Administration of Taxation Concerning the Related Matters about Reinforcing the Collection and Administration of Taxes on Permanent Establishments of Foreign Enterprises (Guo Shui Fa 1996 No.165) and the Circular of the State Administration of Taxation Concerning the Related Matters about the Tax Administration of the Permanent Establishments of Foreign Enterprises (Guo Shui Fa 2003 No.28) issued by the State Administration of Taxation of the PRC on 13 September 1996 and 12 March 2003 respectively.

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

(b) Reconciliation between tax expense and accounting loss at the applicable tax rates:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss before taxation | | |
| Continuing operations | **(36,001)** | (26,973) |
| Discontinued operations | **–** | (15,024) |
| | **(36,001)** | (41,997) |
| Notional tax on loss before taxation, calculated at the rates applicable to losses in the tax jurisdictions concerned | **(6,935)** | 3,730 |
| Tax effect of non-taxable income | **(1,438)** | (8,274) |
| Tax effect of non-deductible expenses | **7,502** | 3,622 |
| Tax effect of unused tax losses not recognised | **168** | 857 |
| Tax effect of deductible temporary differences not recognised | **703** | 65 |
| Tax effect of PRC income tax on representative office | **44** | 154 |
| Over-provision of Argentina Corporate Tax in prior periods | **(71)** | – |
| Actual tax expense | **(27)** | 154 |

## 8. LOSS PER SHARE

### (a) Basic loss per share

*(i) From continuing and discontinued operations*

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$31,934,000 (2008: loss of HK$42,151,000) and the weighted average number of 2,897,868,159 ordinary shares (2008: 780,110,626 ordinary shares) in issue during the year calculated as follows:

Weighted average number of ordinary shares

| | **2009** | 2008 |
|---|---|---|
| Issued ordinary shares at 1 January | **781,971,030** | 777,638,030 |
| Effect of issue of consideration shares | **62,157,534** | – |
| Effect of shares issued upon conversion of convertible notes | **2,053,739,595** | – |
| Effect of share options exercised | **–** | 2,472,596 |
| Weighted average number of ordinary shares at 31 December | **2,897,868,159** | 780,110,626 |

*(ii) From continuing operations*

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operation of HK$31,934,000 (2008: loss of HK$27,127,000) and the weighted average number of 2,897,868,159 ordinary shares (2008: 780,110,626 ordinary shares) in issue during the year.

*(iii) From discontinued operations*

The calculation of basic loss per share from discontinued operations attributable to owners of the Company is based on the loss for the year from discontinued operations of HK$Nil (2008: loss of HK$15,024,000) and the weighted average number of 2,897,868,159 ordinary shares (2008: 780,110,626 ordinary shares) in issue during the year.

**(b) Diluted loss per share**

Diluted loss per share for both years ended 31 December 2008 and 2009 were the same as the basic loss per share as the potential ordinary shares outstanding during the years had an anti-dilutive effect on the basic loss per share for the years.

**9. DIVIDENDS**

The directors do not recommend any payment of final dividend for the year ended 31 December 2009 (2008: nil).

**10. BONUS ISSUE OF WARRANTS**

The Board intends to propose a bonus issue of new warrants to shareholders of the Company. The details of which will be disclosed in a separate announcement.

**11. EXPLORATION AND EVALUATION ASSETS**

**The Group**

| | **Exploration rights** *HK$'000* | **Exploratory drilling** *HK$'000* | **Others** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| At 1 January 2008 and 2009 | – | – | – | – |
| Exchange adjustments | (38) | – | (122) | (160) |
| Arising on acquisition of subsidiaries | 3,217,023 | – | 359 | 3,217,382 |
| Additions | – | 21,530 | 9,076 | 30,606 |
| At 31 December 2009 | 3,216,985 | 21,530 | 9,313 | 3,247,828 |

*Notes:*

(a) The directors of the Company define the Tartagal Concession and Morillo Concession (collectively the "Concessions") as the concessions of the exploration permits and potential exploitation permits for oil and developments of hydrocarbons in the province of Salta in northern Argentina covering a total surface area of approximately 7,065 and 3,518 square kilometers respectively. The Tartagal Concession was granted under the Provincial Government Decree N°3391/2006 dated 29 December 2006; and the Morillo Concession was granted under the Provincial Government Decree N°3388/2006 dated 29 December 2006 to JHP International Petroleum Engineering Limited ("JHP") and Maxipetrol – Petroleros de Occidente S.A. ("Maxipetrol" (formerly known as "Oxipetrol – Petroleros de Occidente S.A.")) respectively (collectively the "Consortium"). The exploration permits granted are valid for an initial period of four years starting from 29 December 2006 and additional extensions up to an aggregate of nine years may be obtained. The holder for an exploration permit has the right to obtain an exploitation permit.

On 9 March 2009, an Union of Temporary Enterprise ("UTE") agreement was executed by High Luck Group Limited ("High Luck"), an indirect wholly-owned subsidiary of the Company and the Consortium whereunder the Consortium agreed to distribute the interest in the Concessions as to 60% by High Luck, as to 10% by JHP and as to 30% by Maxipetrol. An UTE was set up to take up the interests distributed and to ultimately be the title owner of the concession of exploration permits to the Concessions. The UTE was registered in the Public Register of Commerce in April 2009, in which High Luck became one of the cooperators of the UTE.

The UTE is managed by an Executive Committee ("Committee"), which composes of ten committee members. High Luck is entitled to appoint up to six members in the Committee. High Luck also acts as the UTE's representative that carries out the duties in regard to all legal acts, contracts and other operations related to the purpose of the UTE and pursuant to Section 379 of Law 19,550 on Business Companies. In the opinion of the directors of the Company, High Luck has the power to govern the financial and operating policies of the UTE so as to obtain benefits from its activities and is classified as a subsidiary of the Company.

(b) As for the fair value of the interest in the Concessions acquired, since the valuation was based on prospective resources which indicate exploration opportunities and development potentials only in the event of a petroleum discovery is made, the range of reasonable fair value estimates is so large that the directors of the Company are of the opinion that its fair value cannot be measured reliably. As a result, the directors of the Company are of the opinion that the fair value of the consideration paid for the acquisition of the Concessions was taken to be the fair value of the Group's interest in the Concessions which are determined in accordance with HKFRS 2 "Share-based Payments" and HKAS 39 "Financial Instruments: Recognition and Measurement".

(c) As at the end of the reporting period, according to the accounting policy set out in notes to financial statements, the management of the Group determines that there is no impairment of exploration and evaluation assets.

(d) Pursuant to the legal opinion obtained dated 30 April 2009, the exploration permits are subject to the Bidding Terms and the legal regime established by the Federal Hydrocarbons Law no17,319, as amended and supplemented, as established in the Bid.

According to the aforementioned applicable Argentine law, holders of exploration permits and exploitation concessions are subject to certain obligations, in addition to those expressly imposed in the permits granted by the Province of Salta, including: (i) undertaking all necessary works to discover or extract hydrocarbons utilizing appropriate techniques; (ii) making the investments specified in the concession documents; (iii) avoiding damage to oil & gas fields and wasting of hydrocarbons; (iv) adopting adequate measures to avoid accidents and damage to agricultural activities, the fishing industry and communications networks; (v) paying royalties to the province in which the production occurs; and (vi) complying with all applicable federal, provincial and municipal laws and regulations.

Exploration permits and exploitation concessions may be terminated by the Province upon the occurrence of certain events (generally, as a consequence of lack of fulfilment of obligations assumed under the permit or concession, as the case may be). In particular, section 9.18 of the Bidding Terms establishes that the lack of fulfilment of obligations assumed by the permit holder under the Bid will authorize the authority to apply the sanctions contained in section 80 of Hydrocarbons Federal Law no17,319 (revocation of permits and concessions). Section 80 of Hydrocarbons Federal Law prescribes that the authority must serve notice to the permit holder or concessionaire requesting it to cure the default within a term that must be fixed by the authority in the notice before revoking the permit or concession as a sanction for the lack of fulfilment of the assumed obligation.

Under Hydrocarbons Federal Law and the Bidding Terms, there is no particular provision that establishes the term that the authority has to give the permit holder or the concessionaire to rectify its default situation before being sanctioned with the revocation of the permit or concession.

Under general principles of law, the term that the authority has to provide to the permit holder or concessionaire has to be reasonable for the permit holder or concessionaire to be able to rectify its default.

The exploration permits to the Concessions will expire on 29 December 2010. On 22 April 2010, the Group submitted an application to the Secretary of Energy of Province of Salta, Argentina for an extension of the exploration permits. The application is in process and no approval was granted up to the date of this report.

Pursuant to another legal opinion obtained in April 2010 as regards the extension of the initial 4-year exploration period, given the existence of reasons arising from natural causes and third parties, duly justified and documented, and essentially beyond the control of the management of the Group, which directly influence, delay and in many cases prevents compliance in a timely manner of the work involved, and extension of primitive term will be obtained to complete the work plan submitted to the Department of Energy, which covers the total investment committed for the initial 4-year exploration period. There are precedents, both national and provincial in which extensions of time limits were considered in cases similar to mentioned above. Based on the above, it is concluded that the Group is able to request an extension of time of a year and that it will be granted.

(e) Pursuant to the agreements for the acquisition of Jade Honest Group, if within 3 years subsequent to the completion on 4 May 2009, the Company having obtained a technical report in a form and substance reasonably acceptable to the Company having been prepared and issued by a firm of independent technical consultants to be appointed by the Company and agreed by the Vendors showing, and the Company being satisfied, that the aggregate proved reserves (as defined in the PRMS) in the Concessions are not less than 100 million tons of oil, the Company shall forthwith arrange to issue the Contingent Announcement and within 90 days after the publication of the Contingent Announcement on the website of the Stock Exchange, at the choice of the Company after consultation with the Vendors, either (i) pay to the Vendors by a cheque a sum of HK$780,000,000 as to HK$259,740,000 to Vendor 1 and as to HK$520,260,000 to Vendor 2; or (ii) in the event of the Company having obtained the necessary legal and regulatory approvals, pay to the Vendors in aggregate HK$780 million by allotment and issue of new Shares at the price equivalent to the average closing price of the Shares as stated in the Stock Exchange daily quotations sheet for the 10 Business Days immediately preceding the date of the Contingent Announcement in the same proportion as stated in (i) above, or (iii) in the event of the Company having obtained the necessary legal and regulatory approvals, pay to the Vendors in aggregate HK$780 million in the same proportion as stated in (i) above by a combination of cheque and allotment and issue of new Shares at the price equivalent to the average closing price of the Shares as stated in the Stock Exchange daily quotations sheet for the 10 Business Days immediately preceding the date of the Contingent Announcement in any proportion in the absolute discretion of the Company.

The above contingent consideration is a derivative in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement". At the date of acquisition, the estimated reserves are classified as prospective resources by reference to technical report prepared by an international independent technical advisor. Having considered the technical report and the fact that the Concessions are still at the exploration stage, the directors of the Company does not expect that the proved reserves in the areas will exceed 100 million tons of oil. Hence, in the opinion of the directors of the Company, the fair value of the contingent consideration at the date of acquisition and at the end of the reporting period is not significant.

## 12. TRADE AND OTHER RECEIVABLES

| | 2009 | 2008 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Trade receivables *(note a)* | **2,829** | 5,212 |
| Other receivables *(note d)* | **5,987** | 51,718 |
| Amount due from a minority shareholder | **2** | – |
| Loans and receivables | **8,818** | 56,930 |
| Held-to-maturity securities *(note e)* | **11,342** | – |
| Prepayment and deposits | **22,287** | 34,785 |
| | **42,447** | 91,715 |

All of the trade and other receivables (including amount due from a minority shareholder) are expected to be recovered or recognised as expense within one year.

*Notes:*

### (a) Ageing analysis

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the reporting date.

| | 2009 | 2008 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 0 – 14 days | **–** | 5,212 |
| 15 – 60 days | **480** | – |
| 61 – 90 days | **441** | – |
| Over 90 days | **1,908** | – |
| | **2,829** | 5,212 |

Trade receivables are due within 14 days (2008: 90 days) from the date of billing. Further details on the Group's credit policy are set out in notes to the financial statements.

**(b) Impairment of trade and other receivables**

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year including both specific and collective loss components, is as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At 1 January | **–** | 8,722 |
| Impairment losses recognised | **–** | – |
| Uncollectible amounts written off | **–** | (1,000) |
| Disposal of subsidiaries attributable to discontinued operations | **–** | (7,722) |
| At 31 December | **–** | – |

The Group does not hold any collateral over these balances.

**(c) Trade receivables that are not impaired**

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Neither past due nor impaired | **–** | 5,212 |
| Past due but not impaired | | |
| – Less than 1 month past due | **480** | – |
| – 1 to 3 months past due | **973** | – |
| – 3 to 6 months past due | **1,376** | – |
| | **2,829** | 5,212 |

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivable that was past due nor impaired relate to an independent customer that the outstanding balance was fully settled subsequent to the end of the reporting period. The Group does not hold any collateral over this balance.

**(d)** The balance as at 31 December 2008 mainly represented:

(i) the remaining consideration receivable of HK$39,880,000 on disposal of Elegant Pool Limited. The balance bore interest at 5% per annum, repayable on 24 September 2009 and secured by the equity shares of Elegant Pool Limited. The balance was fully repaid during the current year; and

(ii) the consideration receivable of HK$11,600,000 for the disposal of the sub-underwriting shares of a company listed on the main board of the Stock Exchange to an independent third party. The balance was unsecured, bearing interest at 6% per annum and repayable on 1 July 2009. The balance was fully repaid during the current year.

**(e)** Held-to-maturity securities are unlisted with maturity date on 5 January 2010. Their carrying amount as at 31 December 2009 approximates to their fair value.

**13. TRADE AND OTHER PAYABLES**

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables *(note a)* | **257** | 2,504 |
| Other payables and accruals | **13,277** | 2,942 |
| Amounts due to directors | **202** | 638 |
| Amount due to a subsidiary | **–** | – |
| Financial liabilities measured at amortised cost | **13,736** | 6,084 |

All of the trade and other payables (including amounts due to directors and a subsidiary) are expected to be settled within one year or are repayable on demand.

*Notes:*

(a) The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 14 days | **–** | 2,504 |
| 15 – 60 days | **257** | – |
| | **257** | 2,504 |

## SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Group's auditors, CCIF CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2009. The work performed by CCIF CPA Limited in this respect did not constitute as assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CCIF CPA Limited on the preliminary announcement.

## SUMMARY OF THE INDEPENDENT AUDITOR'S REPORT

A summary of the independent auditor's report to the shareholders of the Company (the "Shareholders") is set out below:

"**OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion we draw attention to note 16 to the financial statements. The exploration permits to the Concessions in Argentina will expire in December 2010. The Group has submitted an application to the Secretary of Energy of Province of Salta, Argentina for an extension of the permits on 22 April 2010. According to the legal opinion, there are precedents, both national and provincial to support that the extension of time of primitive term will probably be granted by the Department of Energy. The approval of the application cannot presently be determined which may have a significant effect on the net assets and results of the Group."

## MANAGEMENT DISCUSSION AND ANALYSIS

### General Review

Turnover of the Group for the year ended 31 December 2009 was about HK$9.20 million (31 December 2008: HK$33.02 million). The Group recorded a loss of approximately HK$35.97 million. (31 December 2008: HK$42.15 million). Reduction in loss was mainly resulted from the disposal of non-core and loss-making operations during the year of 2008. As the Group has no discontinued operation in the year of 2009, loss for the year from discontinued operations dropped to zero in the year (31 December 2008: HK$15.02 million).

Administrative expenses of the Group for the year amounted to approximately HK$28.50 million (31 December 2008: HK$24.70 million), representing an increase of approximately HK$3.80 million. Administrative expenses mainly comprised legal and professional expenses, surety bond premium, staff's salaries, and rental expenses.

Loss per share for the year from continuing and discontinued operations was HK1.10 cents (31 December 2008: HK5.40 cents) and from continuing operations was HK1.10 cents (31 December 2008: HK3.48 cents). In 2009, the Group has no discontinued operation. The Board does not recommend any final dividends for this financial year (31 December 2008: Nil).

## Review of Business Operations

*Trading business*

During the financial year, sales of trading business amounted to approximately HK$9.20 million (31 December 2008: HK$33.02 million), with a gross profit of approximately HK$0.05 million (31 December 2008: HK$1.01 million). In terms of the Group's trading business, the Board considers 2009 a transitional year for the Group. A 72.1% decline in revenue signifies the Group's shift of business focus: from the trading of general consumable goods, to trading in broader and more profitable areas within the energy and resources sector. During the year, the Board has identified various investment opportunities with high commercial value and significant growth potential in relation to the trading of a wide range of resources-related products. New projects will commence in the coming year, and are expected to provide stronger and steadier income inflow for the group in the near future. Significance of the current sales contribution under the existing trading business, therefore, would be reduced.

*Oilfield exploration and exploitation business*

In May 2009, the Group completed the acquisition of oil exploration and exploitation rights through the acquisition of the entire issued share capital of Jade Honest Limited. The principal assets of Jade Honest Limited is its wholly owned subsidiary, which has 60% interest in the Tartagal and Morillo concessions of hydrocarbon exploration and exploitation, in a surface area of approximately 7,065 square kilometers in the Tartagal area and approximately 3,518 square kilometers in the Morillo area in Salta Province of northern Argentina. Referring to the assessment of the unrisked potential original hydrocarbons-in-place and gross (100 Percent) prospective resources for the Tartagal and Morillo license areas located in the Chaco-Parana' and Chaco-Tarija Basins, Salta Province, Argentina, as stated in the technical report dated 9 February 2009 ("Technical Report") issued by Netherland, Sewell & Associates, Inc., the independent qualified technical adviser, the unrisked gross (100 percent) prospective oil and gas resources for the oilfield are as follows:

| | **Oil** (*Million of Barrels*) | | | **Gas** (*Million of Cubic Feet*) | | |
|---|---|---|---|---|---|---|
| **Prospect**[1] | **Low Estimate** | **Best Estimate** | **High Estimate** | **Low Estimate** | **Best Estimate** | **High Estimate** |
| EM Deep 1 | 0.4 | 2.6 | 16.2 | 22,162 | 135,654 | 820,614 |
| EM Deep 2 | 1.8 | 8.9 | 44.3 | 91,755 | 459,065 | 2,281,286 |
| EM Deep 3 | 1.7 | 6.8 | 24.4 | 88,461 | 351,294 | 1,214,154 |
| EM Deep 4 | 1.6 | 6.3 | 24.8 | 81,431 | 322,479 | 1,222,154 |
| PET North | 0.7 | 3.5 | 16.1 | 38,527 | 175,296 | 817,560 |
| ZH South | 13.7 | 39.2 | 107.3 | 11,246 | 34,281 | 101,999 |
| EQ East | 16.6 | 41.1 | 100.7 | 13,190 | 35,470 | 90,762 |
| Probabilistic Total[2] | 83.6 | 144.5 | 256.5 | 1,115,954 | 2,342,209 | 5,089,858 |

(1) The 2007 PRMS defines a prospect as a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target. The chance of geologic success for the seven identified prospects ranges from 5 to 16 percent, which equals 84 to 95 percent chance of failure and therefore represents moderate risk to very high risk exploration.

(2) The probabilistic total is based on combined portfolio sampling for all prospects and is not equal to the sum of the individual prospects.

Based on the information on the Technical Report, BMI Appraisals Limited, the independent qualified valuer, has estimated the market value of the 100% equity interest in the oilfield under the Tartagal and Morillo concession is US$1,500 million (equivalent to HK$11,700 million).

High Luck entered into a Temporary Union of Enterprises (the "UTE") agreement with Maxipetrol – Petroleros de Occidente S.A. and JHP International Petroleum Engineering Limited, and is responsible for the arrangement of the required capital commitment, human resources and equipment for the exploration and exploitation projects in Tartagal and Morillo. A work plan was accepted by the Secretariat of Energy, Salta, and exploration works have been commenced. Geophysical survey work and further 3D seismic survey have been commenced in early 2010. Oil well drilling is expected to begin upon the completion of data analysis from the 3D seismic survey.

**Prospects**

The Group's strategy is to focus on the energy and natural resources industry and to further expand its business in the natural resources sector. The Group is proactively seeking investment opportunities with significant growth potential to broaden its revenue base, as well as to diversify its sources of income.

Throughout the year, the Board has identified a significant future growth opportunity in the gold mining industry. The Group entered an acquisition of 90% interest in a corporation with access to gold ore resources, mining facilities, and infrastructures in Hebei, PRC in December 2009. The total consideration for this acquisition is approximately HK$600 million, and may be adjusted to a total of approximately HK$700 million in the event that the confirmed gold resources of the Gold Mines attains or exceeds a certain level, which is agreed by the related parties, within two years from the completion of this acquisition. The principle assets of the said corporation primarily comprise three gold mines in operation, namely Banbishan Gold Mine, Sanjia Gold Mine, and Qingheyan Gold Mine (collectively the "Gold Mines"), and certain gold mining licenses, facilities, and infrastructures. The Gold Mines are located within the rich gold mineralization shear zones in Qinglong Manchu Autonomous County, Hebei Province, the PRC. Based on the respective gold mine resources investigation reports prepared by Hebei Province Geological Mining Bureau 5 Geology Team, the Gold Mines have an aggregate gold ore resource estimate of up to about 3.9 million tonnes, with a reserve of gold metal of about 21,000 kilograms. The legitimate mining areas covered by the Gold Mines amount to 6.3549 square kilometers, and may be further expanded to 11.853 square kilometers upon the completion of the proposed integration of gold mines.

A sales and purchase agreement has been signed in February 2010. Upon the satisfaction of a number of conditions precedent stated in the above sales and purchase agreement, the acquisition of the Gold Mines will be completed soon. In order to explore the full potential of the Gold Mines, as well as to manage the business in an efficient and effective manner, the Group has recruited a management team with extensive experiences in the mining business. In addition, the Board is prepared to provide funding to the Gold Mines to support further exploration works and to seek professional advice and assistance from independent experts when need arise. With its strong financial and capital position, a management team with expertise in mining, and its excellent and established business networks in the PRC, the Group will take this opportunity to commence and expand its reach to the gold mining industry of the PRC.

In the coming year, the Group will seek to build its existing operations and, at the same time, to expand its business in the energy and natural resources sector, from oil to coal, non-ferrous metal, and precious metal business. The Group will continue its effort in searching for and capturing quality investment opportunities in different geographical locations, aiming to generate the best possible return for investors.

**Liquidity And Financial Resources**

*Capital structure, liquidity and financial resources*

On 4 May 2009, the Company issued 93,750,000 new shares of HK$0.10 each and convertible notes for an aggregate principal amount of HK$1,832.4 million at a conversion price of HK$0.32 per share, pursuant to the agreement of acquisition of 100% interest in Jade Honest Limited. Upon full conversion of all the said convertible notes, the number of shares will be increased by 5,726,250,000. As at 31 December 2009, HK$1,354.97 million convertible notes were converted into 4,234,281,250 shares of the Company, and the remaining principal amount of the said convertible notes was HK$477.43 million.

On 20 November 2009, the Company issued convertible notes for an aggregate principal amount of HK$124 million at a conversion price of HK$0.31 per share, pursuant to the placing agreement to place the said convertible notes to independent third parties. As at 31 December 2009, the said convertible notes were exercised in full, and were converted into 399,999,990 shares of the Company.

As at 31 December 2009, the total equity of the Group was HK$3,429.53 million (31 December 2008: HK$311.70 million) and the net asset value per share was HK$0.62 (31 December 2008: HK$0.40). The debt ratio, calculated by total liabilities divided by total assets, was 3.02% as at 31 December, 2009 (As at 31 December 2008: 1.93%).

As at 31 December 2009, the total asset value of the Group is approximately HK$3,536.38 million (31 December 2008: HK$317.84 million) and the total cash and bank balances is approximately 201.37 million (31 December 2008: HK$154.09 million).

As at 31 December 2009, working capital, calculated by current assets minus current liabilities, was HK$136.97 million (As at 31 December 2008: HK$239.69 million).

The Group's borrowings as at 31 December 2009 comprised an other borrowing of HK$40 million, bearing interest at 3.5% per annum, and bank borrowings totaling approximately HK$45.37 million, dominated in Renminbi, bearing interest at 4.779% per annum. As at 31 December 2009, the gearing ratio, calculated on the basis of interest bearing borrowings to total equity, was 2.49% (31 December 2008: nil).

*Capital expenditure*

The Group's capital expenditure during the year amounted to approximately HK$3,251.89 million (31 December 2008: HK$4.06 million).

*Charge on assets*

As at 31 December 2009, a fixed deposit of approximately HK$28.36 million, dominated in Renminbi, of an indirect subsidiary of the Company in a PRC bank was pledged to secure banking facilities granted to its supplier. The financial guarantee was released on 6 April 2010.

*Contingent liability*

(a) In 2007, the Group issued a joint corporate guarantee to a bank in connection with bank facilities granted by the bank to Wandi Estate Development Company Limited ("Wandi Estate Development"), an independent third party of the Group. At 31 December 2007, such facilities was drawn down by Wandi Estate Development, to extent of RMB35,000,000 (equivalent to HK$37,450,000). The maximum liability of the Group under the guarantee issued represents the amount drawn down by Wandi Estate Development of RMB35,000,000 (equivalent to HK$37,450,000). No recognition was made in 2007 because the fair value of the guarantee was insignificant and that the directors did not consider it is probable that a claim would be made against the Company under the guarantee.

    On 6 March 2008, the Group's completed property held for sale, held under a disposal group of Smart Wave Limited, was foreclosed by Beijing First Intermediate Peoples Court (北京市第一中級人民法院) as a result of the default in progress repayment of the bank loan by Wandi Estate Development. Pursuant to the legal opinion dated 23 May 2008, the directors of the Group are of the opinion that no provision was recognised because the financial guarantee liabilities of the Group cannot be measured reliably up to the date of disposal of Smart Wave Limited.

    Upon the disposal of Smart Wave Limited on 30 June 2008, the Group had no financial guarantee outstanding as at the year-end date.

(b) In December 2009, Sihui Zhilai, a subsidiary indirectly owned by the Company, issued corporate guarantees to a bank in connection with banking facilities granted by the bank to 四會市鯤鵬物資回收有限公司 ("Sihui Kun Peng"), an independent third party of the Group. At 31 December 2009, such facilities was drawn down by Sihui Kun Peng to extent of USD3,406,000 (equivalent to HK$26,413,000). The maximum liabilities of the Group under the guarantee issued represents the amount drawn down by Sihui Kun Peng of USD3,406,000 (equivalent to HK$26,413,000). No recognition was made because, in the opinion of the director of the Company, the fair value of the guarantee was insignificant and that the directors did not consider it is probable that a claim would be made against the Group under the guarantee.

    Subsequent to the end of the reporting period, the financial guarantee given by the Group was released on 6 April 2010.

*Capital commitments*

In addition, as at 31 December 2009, the Group has the following obligations and commitments in respect of the exploration of natural resources operation in Argentina:

(i) An annual fee of AR$917,652 (equivalent to approximately HK$1,877,000) in relation to the exploration permits of the Concessions payable to the government of Salta Province of Argentina;

(ii) To perform committed work units over Tartagal and Morillo license areas during the first 4-year exploration periods;

(iii) To indemnify the surface owners for any damages caused by the activities conducted by the Consortium; and

(iv) To take an environmental liability insurance in favour of the government of Salta Province of Argentina and/or third persons to cover any damage that the work may cause in the Tartagal and Morillo license areas.

*Foreign exchange and interest rate exposure*

Assets and liabilities of the Group are mainly denominated in Hong Kong dollar, Renminbi, United States dollar, and Argentine peso. The Group currently does not have a foreign currency hedging policy. However, the management will monitor the Group's foreign exchange exposure on an ongoing basis and will consider hedging significant foreign currency exposure should the need arise.

*Employment, training and remuneration policy*

As at 31 December 2009, the Group employed a total of 26 employees (31 December 2008: 10) in Hong Kong, the PRC, and Argentina. The cost of employees (including directors' emoluments and benefits) amounted to HK$4.93 million (2008: HK$8.27 million). The Group provides its employees with competitive remuneration packages which were determined by their personal performance, qualifications, experience, and relevant market conditions in the respective geographical locations and businesses in which the Group operates.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

## CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company had complied with the Code Provisions on Corporate Governance (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the period ended 31 December 2009, except for the following deviations:

### Code Provision A.2.1

Pursuant to code provision A.2.1 of the CG Code, the role of Chairman and Managing Director (or chief executive officer ("CEO")) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Company does not presently have any officer with the title of "Managing Director" or "CEO". In the period under review, Mr. Tse On Kin, being the Chairman and an executive director of the Company from 1 January 2009 to 30 April 2009 and Mr. Cheng Kam Chiu, Stewart, being the Chairman and an executive director of the company from 1 May 2009 to 31 December 2009, were assuming the role of the CEO of the Company and were responsible for the strategic planning and corporate policy of the Group. The Board considers that the current structure facilitates the execution of the Group business strategies and maximizes effectiveness of its organization. The Board shall nevertheless review the structure from time to time to ensure appropriate move being taken should suitable circumstances arise.

### Code Provision A.4.1

Pursuant to code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. All non-executive and independent non-executive directors of the Company are not appointed for a specific term. They are, however, subject to the requirement of retirement and re-election at least once every three years at the annual general meetings of the Company, in accordance with the relevant provisions of the Company's Bye-laws.

As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the code provisions of the CG Code.

## AUDIT COMMITTEE

The Company has an audit committee which was established pursuant to the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Chiu Wai On, Mr. Fung Chi Kin and Fung Siu To, Clement. The annual results of the Group for the year ended 31 December 2009 has been reviewed by the Audit Committee.

## MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

## PUBLICATION OF RESULT ANNOUNCEMENT AND ANNUAL REPORT

The Company's 2009 annual report, as well as the announcement of annual results, containing the relevant information required by the Listing Rule will be published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.166hk.com) in due course.

By order of the Board
**New Times Energy Corporation Limited**
**Cheng Kam Chiu, Stewart**
*Chairman and Executive Director*

Hong Kong, 27 April 2010

*As at the date of this announcement, the Board comprises seven directors, of which two are executive directors, namely Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Ming Kit; two non-executive directors, namely Mr. Wong Man Kong, Peter and Mr. Chan Chi Yuen; and three independent non-executive directors, namely Mr. Fung Chi Kin, Mr. Fung Siu To, Clement and Mr. Chiu Wai On.*