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 2012

The board of directors (the "Board") of New Times Energy Corporation Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Note	**2012** *HK$'000*	2011 *HK$'000*
Turnover	*4, 5*	**129,007**	128,857
Cost of sales		**(132,546)**	(127,564)
Gross (loss)/profit		**(3,539)**	1,293
Other revenue	*6(a)*	**1,516**	3,553
Other net income/(loss)	*6(b)*	**14,234**	(223)
Gain on bargain purchase		**–**	345
Gain on termination of sub-contracting agreement		**29,034**	–
Gain on disposal of subsidiaries		**10,451**	1,718
Impairment loss on exploration and evaluation assets	*11*	**–**	(34,550)
Impairment loss on convertible notes receivables		**(15,467)**	–
Administrative expenses		**(72,248)**	(73,338)
Other operating expenses		**(17,551)**	(6,875)

* *For identification purposes only*

	Note	2012 HK$'000	2011 HK$'000
Loss from operations		**(53,570)**	(108,077)
Finance costs	*7(a)*	**(5,067)**	(10,824)
Share of loss of a jointly controlled entity		**(1,505)**	(2,608)
Share of losses of associates		**–**	–
Loss before taxation	*7*	**(60,142)**	(121,509)
Income tax	*8*	**448**	(577)
Loss for the year		**(59,694)**	(122,086)
Loss for the year attributable to:			
Owners of the Company		**(39,917)**	(87,410)
Non-controlling interests		**(19,777)**	(34,676)
		(59,694)	(122,086)
Loss per share			
Basic and diluted	*10*	**(HK$0.07)**	(HK$0.19)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
Loss for the year	**(59,694)**	(122,086)
Other comprehensive (expense)/income for the year		
Exchange differences on translation of financial statements of overseas and PRC subsidiaries:		
Exchange differences arising during the year	**(45,272)**	2,966
Reclassification adjustments relating to PRC subsidiaries disposed of during the year	**(2,035)**	–
	(47,307)	2,966
Available-for-sale investments:		
Net gain/(loss) arising on revaluation of available-for-sale investments during the year	**245**	(1,754)
	245	(1,754)
Total comprehensive expenses for the year (net of tax)	**(106,756)**	(120,874)
Attributable to:		
Owners of the Company	**(88,809)**	(86,218)
Non-controlling interests	**(17,947)**	(34,656)
	(106,756)	(120,874)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	**2012** *HK$'000*	2011 *HK$'000*
NON-CURRENT ASSETS			
Exploration and evaluation assets	*11*	**3,593,059**	3,639,932
Property, plant and equipment		**13,501**	18,560
Intangible assets		**4,746**	28,621
Interests in associates		**–**	–
Interest in a jointly controlled entity		**2,836**	4,340
Deposit paid for a sub-contracting contract		**–**	80,160
Deposits paid for potential investments		**61,992**	–
Convertible notes receivables		**8,759**	–
Available-for-sale investments		**40,104**	37,501
Prepayment and other receivables	*12*	**60,665**	70,690
		3,785,662	3,879,804
CURRENT ASSETS			
Inventories		**4,037**	2,516
Trade and other receivables	*12*	**71,196**	24,438
Cash and cash equivalents		**36,050**	41,030
		111,283	67,984
Assets held for sale		**2,325**	–
		113,608	67,984
CURRENT LIABILITIES			
Trade and other payables	*13*	**19,354**	55,366
Bank and other borrowings		**40,959**	165,147
Convertible notes payables		**–**	10,716
Obligations under finance leases		**74**	1
Current taxation		**500**	248
		(60,887)	(231,478)
Liabilities held for sale		**(1,296)**	–
		(62,183)	(231,478)
NET CURRENT ASSETS/(LIABILITIES)		**51,425**	(163,494)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,837,087**	3,716,310
NON-CURRENT LIABILITIES			
Provisions		**4,670**	2,324
Other borrowings		**30,135**	–
Promissory notes payables		**5,003**	–
Obligation under finance lease		**340**	–
Deferred tax liabilities		**734**	3,263
		(40,882)	(5,587)
NET ASSETS		**3,796,205**	3,710,723

	Note	2012 HK$'000	2011 HK$'000
EQUITY			
Share capital		**338,208**	227,231
Share premium and reserves		**3,501,139**	3,530,395
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,839,347**	3,757,626
NON-CONTROLLING INTERESTS		**(43,142)**	(46,903)
TOTAL EQUITY		**3,796,205**	3,710,723

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standard ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries and the Group's interest in associates and a jointly controlled entity. Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates. 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 the Group's presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are carried at their fair value as explained in the accounting policies set out below:

— financial instruments classified as available-for-sale investments; and

— derivative financial instruments.

Non-current assets held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

As described below, the application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

Amendments to HKFRS 7, Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

Amendments to HKAS 12, Deferred Tax: Recovery of Underlying Assets

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40 Investment Property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The application of the amendments to HKAS 12 does not have impact as the Group currently does not have any investment property.

4. TURNOVER

The principal activities of the Group are (i) general trading; (ii) exploration of natural resources and (iii) oil exploration and production.

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Sale of oil products	**121,406**	107,717
Sale of iron concentrates	**–**	10,501
Sale of non-ferrous metals	**2,686**	8,456
Sale of oil products under oil exploration and production	**4,915**	2,183
	129,007	128,857

5. SEGMENT INFORMATION

The Group manages its businesses by divisions which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision-maker, that is, the board of directors of the Company, 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 oil products, iron concentrates and non-ferrous metal. Currently, the Group's general trading activities are carried out in Hong Kong and People's Republic of China ("PRC").
Exploration of natural resources	This segment is engaged in the exploration of crude oil in Argentina Republic ("Argentina") and the United States ("US"). The activities carried out in Argentina and US are through non-wholly-owned subsidiaries.
Oil exploration and production	This segment represents the business of oil exploration and production in US.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the board of directors monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interest in a jointly-controlled entity, interests in associates, convertible note receivable, deposit paid for potential investment, available-for-sale investments and other corporate assets. Segment liabilities include all non-current liabilities and current liabilities, with the exceptions of convertible notes payables, promissory notes payables, obligations under finance lease and other corporate liabilities.

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 amortisation of assets attributable to those segments.

Segment loss represents the profit earned/loss resulted by each segment without allocation of central administration costs including directors' emoluments, share of loss of a jointly-controlled entity, share of losses of associates, unallocated interest income, unallocated interest expenses, impairment loss on prepayments, impairment loss on available-for-sale investments, deemed loss on dilution of interest in available-for-sale investments and income tax expenses. This is the measure reported to the board of directors for the purpose of resource allocation and assessment of segment performance. In addition to receiving segment information concerning the segment result, the board of directors is provided with segment information concerning interest income, interest expenses, income tax expenses, depreciation and amortisation, impairment losses on intangible asset, trade and other receivables, exploration and evaluation assets and property, plant and equipment and additions to non-current segment assets used by the segments in their operations.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Information regarding the Group's reportable segments as provided to the board of directors for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2012 and 2011 is set out below:

	General trading		Exploration of natural resources		Oil exploration and production		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue *(note)*	**124,092**	126,674	**–**	–	**4,915**	2,183	**129,007**	128,857
Reportable segment gain/(loss)	**34,476**	(19,689)	**(18,154)**	(57,670)	**(31,687)**	(4,524)	**(15,365)**	(81,883)
Depreciation and amortisation	**511**	1,773	**200**	220	**3,496**	1,895	**4,207**	3,888
Interest income	**4**	35	**1**	115	**193**	–	**198**	150
Interest expenses	**2,271**	6,970	**–**	–	**203**	–	**2,474**	6,970
Income tax	**–**	–	**(282)**	–	**–**	–	**(282)**	–
Impairment loss of								
— exploration and evaluation assets	**–**	–	**–**	34,550	**–**	–	**–**	34,550
— property, plant and equipment	**–**	–	**–**	–	**13,288**	2,262	**13,288**	2,262
Reportable segment assets	**4,954**	96,251	**3,664,213**	3,716,669	**24,188**	43,285	**3,693,355**	3,856,205
Additions to non-current segment assets during the year	**–**	7,685	**4,871**	187,210	**19,811**	47,067	**24,682**	241,962
Reportable segment liabilities	**(576)**	(135,847)	**(8,721)**	(29,170)	**(13,473)**	(14,561)	**(22,770)**	(179,578)

Note: Segment revenue reported above represents revenue generated from sales to external customers. There were no inter-segment sales in the current year. (2011: HK$Nil).

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

	Year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**129,007**	128,857
Unallocated revenue	**–**	–
Consolidated turnover	**129,007**	128,857
Loss		
Reportable segment loss	**(15,365)**	(81,883)
Depreciation and amortisation	**(475)**	(550)
Unallocated interest income	**314**	2,679
Unallocated interest expenses	**(2,593)**	(3,854)
Impairment loss on prepayments	**–**	(3,199)
Impairment loss on available-for-sale investments	**(1,579)**	–
Deemed loss on dilution	**(252)**	–
Unallocated operating income	**3,199**	–
Unallocated operating expenses	**(41,855)**	(31,637)
Share of post-tax loss of a jointly controlled entity	**(1,505)**	(2,608)
Net fair value loss on derivative financial instruments	**(31)**	(457)
Consolidated loss before taxation	**(60,142)**	(121,509)
Assets		
Reportable segment assets	**3,693,355**	3,856,205
Interest in a jointly controlled entity	**2,836**	4,340
Convertible notes receivables	**8,759**	–
Deposits paid for potential investments	**61,992**	–
Available-for-sale investments	**40,104**	37,501
Unallocated corporate assets		
— Cash and cash equivalents	**33,599**	34,291
— Other receivables	**58,202**	14,928
— Others	**423**	523
Consolidated total assets	**3,899,270**	3,947,788
Liabilities		
Reportable segment liabilities	**(22,770)**	(179,578)
Convertible notes payables	**–**	(10,716)
Promissory notes payables	**(5,003)**	–
Obligation under finance lease	**(414)**	–
Unallocated corporate liabilities		
— Other borrowing	**(68,543)**	(42,849)
— Current taxation	**(48)**	(248)
— Others	**(6,287)**	(3,674)
Consolidated total liabilities	**(103,065)**	(237,065)

(c) Geographical information

The Group's operations are located in Hong Kong (place of domicile), PRC, Argentina and US.

The following is an analysis of the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than convertible note receivable and available-for-sale investments ("Specified non-current assets"). The geographical location of customers refers to the location at which the goods delivered. The geographical location of the specified non-current assets is based on (i) the physical location of the asset, in the case of property, plant and equipment and exploration and evaluation assets; and (ii) the location of the operation to which they are allocated in the case of intangible assets and deposits and prepayments. In the case of interest in a jointly-controlled entity and associates, it is based on the location of the operation of such jointly-controlled entity and associates.

	Revenue from external customers		**Specified non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**424**	6,041
PRC	**124,092**	18,957	**26,992**	88,420
Argentina	**–**	–	**3,689,300**	3,696,508
United States	**4,915**	2,183	**17,247**	46,994
Malaysia	**–**	107,717	**–**	–
Australia	**–**	–	**2,836**	4,340
	129,007	128,857	**3,736,799**	3,842,303

(d) Information about major customers

Revenue from sales of goods to customers contributing 10% or more of the Group's revenue are as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**121,406**	–
Customer B	**–**	107,717

All revenue disclosed above are related to the "General trading" reportable segment.

(e) Information about products and services

The Group's revenues from external customers for each principle type of products were set out in note 4.

6. OTHER REVENUE AND NET INCOME

(a) Other revenue

	2012 HK$'000	2011 HK$'000
Bank interest income	**42**	797
Other interest income	**180**	1,293
Effective interest income on convertible note receivable	**290**	739
Total interest income on financial assets not at fair value through profit or loss	**512**	2,829
Sundry income	**1,004**	724
	1,516	3,553

(b) Other net income/(loss)

	2012 HK$'000	2011 HK$'000
Net (loss)/gain on sale of crude oil under trial production	**(7)**	234
Net fair value loss on derivative financial instruments	**(31)**	(457)
Gain on disposal of property, plant and equipment	**3,143**	–
Gain on disposal of intangible assets	**6,330**	–
Reversal of impairment loss on prepayment	**3,199**	–
Reversal of impairment loss on other receivables	**1,600**	–
	14,234	(223)

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2012 HK$'000	2011 HK$'000
Interest on bank and other borrowings wholly repayable within five years	**5,062**	9,233
Finance charge on obligations under finance lease	**2**	–
Effective interest expenses on convertible notes payables	**-**	1,591
Effective interest expenses on promissory notes payables	**3**	–
Total interest expenses on financial liabilities not at fair value through profit or loss	**5,067**	10,824

(b) Staff costs (including directors' emoluments)

	2012	2011
	HK$'000	*HK$'000*
Salaries, wages and benefits in kind	**15,201**	12,242
Contributions to defined contribution retirement plans	**1,353**	733
Equity-settled share-based payment expenses	**834**	4,631
	17,388	17,606

(c) Other items

	2012	2011
	HK$'000	*HK$'000*
Auditor's remuneration	**1,875**	1,490
Amortisation of intangible assets	**2,464**	1,610
Consultancy fees *(note (ii))*	**8,239**	12,747
Cost of inventories *(note (i))*	**132,546**	127,564
Depreciation for property, plant and equipment	**2,218**	2,828
Impairment loss on prepayments	**–**	3,199
Impairment loss on exploration and evaluation assets	**–**	34,550
Impairment loss on property, plant and equipment	**13,288**	2,262
Impairment loss on convertible notes receivables	**15,467**	–
Impairment loss on available-for-sale investments	**1,579**	–
Deemed loss on dilution of interest in available-for-sale investments	**252**	–
Loss on disposal of property, plant and equipment	**2,429**	–
(Gain)/loss on disposal of intangible assets	**(6,330)**	324
Minimum lease payments under operating leases on leasehold land and buildings	**1,810**	2,173
Net foreign exchange loss	**862**	3,688

Notes:

(i) Cost of inventories includes HK$637,000 (2011: HK$626,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

(ii) Consultancy fees include HK$2,668,000 (2011: HK$112,000) equity-settled share-based payment expenses on options granted to the consultant during the year.

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Income tax in the consolidated income statement represents:

	2012	2011
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**42**	210
PRC Enterprise Income Tax	**–**	367
Overprovision in respect of prior years		
Hong Kong Profits Tax	**(208)**	–
	(166)	577
Deferred tax		
Argentina Corporate Income Tax	**(282)**	–
Total	**(448)**	577

Pursuant to the rules and regulations of the Bermuda and the British Virgin Islands (the "BVI"), the Group and its subsidiaries incorporated in Bermuda and BVI are not subject to any income tax in the Bermuda and the BVI during the year (2011: HK$Nil).

Provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the year.

Subsidiaries of the Group in the People's Republic of China (the "PRC") are subject to PRC Enterprise Income tax at 25%. 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.

Subsidiaries of the Group in Argentina are subject to Argentina Corporate Income Tax ("CIT") at 35% and minimum presumed income tax ("MPIT"). MPIT is supplementary to CIT and is chargeable at the applicable tax rate of 1% on the tax basis of certain assets. The tax liabilities of subsidiaries of the Group in Argentina are the higher of CIT and MPIT.

Subsidiaries of the Group in Texas and Louisiana, United States are subject to Texas franchise tax equal to 1% of the taxable margin (which approximates gross profits), subject to a threshold of gross receipts of US$1,030,000. No provision for franchise tax is made as the gross receipts is less than the threshold for the year. The subsidiaries are not subject to federal or Louisiana income taxes and no provision is required to be made in the financial statements.

Subsidiaries of the Group in Utah, United States are not subject to federal tax. As the subsidiaries has no income during the year, the income taxes paid will be limited to US$100 which is the minimum fee to be charged regardless of income.

9. DIVIDENDS

The directors do not recommend the payment of any dividends in respect of the year ended 31 December 2012 (2011: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$39,917,000 (2011: HK$87,410,000) and the weighted average number of 560,497,000 ordinary shares (2011: 449,879,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**560,497**	449,879

(b) Diluted loss per share

Diluted loss per share for both the years ended 31 December 2011 and 2012 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 both years.

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options and warrants as the exercise prices of those options and warrants were higher than the average market price of shares.

Diluted loss per share for both years do not include the effect of the convertible notes because if would result in a decrease in loss per share.

11. EXPLORATION AND EVALUATION ASSETS

The Group

	Exploration rights	Exploratory drilling	Geological studies	Oil exploration assets	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(note (e))*	*HK$'000*	*HK$'000*
Cost						
At 1 January 2011	3,225,172	27,652	210,679	–	37,835	3,501,338
Acquired through business combination	–	–	–	3,447	–	3,447
Additions	13,667	54,785	112,048	1,660	6,735	188,895
Exchange adjustments	(924)	(1,310)	(16,042)	–	(922)	(19,198)
At 31 December 2011	3,237,915	81,127	306,685	5,107	43,648	3,674,482
At 1 January 2012	3,237,915	81,127	306,685	5,107	43,648	3,674,482
Additions	–	1,265	2,702	–	904	4,871
Transfer to property, plant and equipment	–	–	–	(5,093)	–	(5,093)
Exchange adjustments	(1,929)	(14,494)	(34,168)	(14)	(1,488)	(52,093)
At 31 December 2012	3,235,986	67,898	275,219	–	43,064	3,622,167
Accumulated impairment						
At 1 January 2011	–	–	–	–	–	–
Impairment loss recognised *(note c)*	–	34,550	–	–	–	34,550
At 31 December 2011	–	34,550	–	–	–	34,550
At 1 January 2012	–	34,550	–	–	–	34,550
Exchange adjustments	–	(5,442)	–	–	–	(5,442)
At 31 December 2012	–	29,108	–	–	–	29,108
Carrying amount						
At 31 December 2012	3,235,986	38,790	275,219	–	43,064	3,593,059
At 31 December 2011	3,237,915	46,577	306,685	5,107	43,648	3,639,932

(a) On 29 December 2006, JHP International Petroleum Engineering Limited ("JHP") and Maxipetrol — Petroleros de Occidente S.A. (formerly known as "Oxipetrol — Petroleros de Occidente S.A.") ("Maxipetrol") (collectively the "Consortium") were granted the Tartagal Concession and the Morillo Concession under the Provincial Government Decree No 3391/2006 and Decree No 3388/2006 respectively. The Tartagal Concession and Morillo Concession (collectively the "Concessions") are the concessions in the province of Salta in northern Argentina covering a total surface area of approximately 7,065 and 3,518 square kilometers respectively. Exploration permits and potential exploitation permits were granted for oil and developments of hydrocarbons in the Concession area 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, High Luck Group Limited ("High Luck") and the Consortium executed an Union of Temporary Enterprise ("UTE") agreement pursuant to which the interest and title in the Concessions of the exploration permits and potential exploitation permits shall be taken up by an UTE. Under the agreement, Maxipetrol agreed for JHP to distribute its 60% interest in the Concessions to High Luck. After the distribution, High Luck, JHP and Maxipetrol held 60%, 10% and 30% interest in the UTE and the Concessions respectively and each of them shall bear the costs and share the benefits derived from the Concessions and the UTE according to their respective interests. High Luck is mainly responsible for the provision of funding for investments and expenses incurred during the exploration stage, and any cash generated in the Concessions will first be applied to repay the funding provided by High Luck.

In April 2009, the UTE was registered in the Public Register of Commerce as Maxipetrol Petroleros de Occidente — UTE and High Luck became one of the members 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 which will carry out the duties with regard to all legal acts, contracts and other operations for 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 therefore the UTE is classified as a subsidiary of the Company.

(b) As mentioned in note (a), the exploration permits granted are valid for an initial period of four years starting from 29 December 2006 (that is, expired 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 was approved on 2 July 2010 and the initial exploration permits to the Concessions were extended to 29 February 2012. On 18 July 2011, a further extension was granted and the exploration permits were extended to 28 February 2014.

As advised by the Group management, technical experts and legal advisor, the Group has detailed work plan and sufficient resources to sustain the implementation of the work plan in the near future and as such, they are of the view that there is no indication the exploration permits would not be renewed.

(c) As at 31 December 2012, according to the accounting policy of the Group, the management of the Group determines that there are no other facts or circumstances suggest that the carrying amount of the exploration and evaluation assets may not be recovered. As a result, no impairment of exploration and evaluation assets is recognised for the year ended 31 December 2012.

During the year ended 31 December 2011, an impairment loss of approximately HK$34,550,000 was recognised for all direct costs related to one exploratory well abandoned in the Tartagal concession. The surface area covered by this well is approximately 0.0144 square kilometers (120m x 120m). The sandstones were found present and there were traces of oil, but not enough to warrant further testing. The Group therefore considered the well was not successful and recognised all the direct costs of this unsuccessful well in the income statement for the year.

As advised by the Group's technical experts, the drilling of exploratory wells typically involves a considerable amount of inherent risks, and even if an exploratory well could not be converted into a production well eventually, it still provides valuable drilling information to the technical team, which would be beneficial to future exploration activities in the drilling area. In terms of service area, this 3-D seismic program only covers about 7% of the total service area of the Tartagal concession and that unsuccessful well only representing about 0.0002% of the total service area of the Tartagal concession. Therefore, the directors of the Company are of the view that the abandonment of this unsuccessful well is an isolated event and alone by itself, does not lead to the conclusion that the discovery of commercially viable quantities of natural resources would not be found for the Concessions. No further impairment was recognised during the year.

(d) Pursuant to the agreements for the acquisition of the Concessions, 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 prepared and issued by a firm of independent technical consultants to be appointed by the Company and agreed by the vendors, Mr. Wong Cheung Yiu ("Mr. Wong") and Mr. Chan Koon Wa ("Mr. Chan"), showing and the Company being satisfied, that the aggregate proven reserves (as defined in the Petroleum Resources Management System (PRMS) in the Concessions are not less than 100 million tons of oil, the Company shall forthwith arrange to issue an contingent announcement on the website of the Stock Exchange and within 90 days after the publication of the contingent announcement, at the choice of the Company after consultation with the vendors, either (i) pay to the vendors by a sum of HK$780,000,000 as to HK$259,740,000 to Mr. Chan and as to HK$520,260,000 to Mr. Wong; or (ii) in the event of the Company having obtained the necessary legal and regulatory approvals, pay to the vendors in aggregate HK$780,000,000 by the allotment and issue of new shares of the Company (the "Shares") at the price equivalent to the average closing price of the Shares as stated in the Stock Exchange daily quotations sheets 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$780,000,000 in the same proportion as stated in (i) above by a combination of cash 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 sheets 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 terms and conditions expired on 3 May 2012. During the year, consistent with the classification as at the date of acquisition, the estimated reserves are classified as prospective resources by reference to an updated 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 do not expect that the proven reserves in the areas will exceed 100 million tons of oil at the date of expiry, no additional consideration of HK$780,000,000 were paid to the vendors.

(e) Oil exploration assets arose from (i) acquisition of a non-wholly owned subsidiary, ET-LA, LLC and (ii) subsidiary established during the year ended 31 December 2011 in the United States.

Oil exploration assets with a carrying amount of approximately HK$Nil (2011: HK$3,965,000) were pledged to a bank for the banking facilities granted to the Group.

12. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables *(note (a))*	**–**	657
Less: Allowance for impairment loss	**–**	–
	–	657
Other receivables	**22,387**	8,479
Less: Allowable for impairment loss	**–**	(7,157)
	22,387	1,322
Loan to a non-controlling shareholder	**–**	1,134
Amount due from associates	**5,697**	–
Amount due from a related company	**96**	–
Amount due from a director	**108**	–
Amount due from non-controlling shareholders	**21,012**	3,335
Amount due from an operator	**1,565**	199
Loans and receivables	**50,865**	6,647
VAT recoverable	**60,665**	60,834
Other tax recoverable	**6,585**	2,466
Prepayment and deposits	**13,746**	25,181
	131,861	95,128
Analysed as:		
Non-current	**60,665**	70,690
Current	**71,196**	24,438
	131,861	95,128

Note:

(a) Ageing analysis

The following is an analysis of trade receivables by age presented based on the invoice date at the end of the reporting period.

	2012	2011
	HK$'000	*HK$'000*
0–45 days	**–**	558
46–90 days	**–**	–
Over 90 days	**–**	99
	–	657

Trade receivables are due within 30 days (2011: 45 days) from the date of billing.

13. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**–**	5,407
Other payables and accruals	**19,354**	49,959
Financial liabilities measured at amortised cost	**19,354**	55,366

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Notes:

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

	2012	2011
	HK$'000	*HK$'000*
0–30 days	**–**	237
31–60 days	**–**	–
61–90 days	**–**	–
Over 90 days	**–**	5,170
	–	5,407

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

"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 February 2014. According to the legal opinion, 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, if not obtained, may have a significant effect on the net assets and results of the Group.

In addition, without qualifying our opinion, we draw your attention to note 2(b) to the financial statements which indicates that the Group had incurred a net loss of HK$59,694,000 for the year ended 31 December 2012. Despite the fact that the Group had maintained a net current assets position, the recurring losses of the Group and the capital expenditure to be incurred for its overseas operations indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As explained in note 2(b) to the consolidated financial statements, these financial statements have been prepared on a going concern basis, the validity of which depends on the Group's ability to extend its short-term bank and other borrowings upon their maturities, raise capital from existing and new investors, and derive adequate operating cash flows from its operations and obtaining continuing financial support from the Company's controlling shareholders to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. These consolidated financial statements do not include any adjustments that would result from the failure of these measures."

MANAGEMENT DISCUSSION AND ANALYSIS

General Review

Consolidated turnover of the Group for the year ended 31 December 2012 was HK$129.00 million (31 December 2011: HK$128.86 million), representing an increase of 0.11%. However, the Group recorded a loss attributable to shareholders of approximately HK$39.92 million (31 December 2011: HK$87.41 million). Administrative expenses related to the searching for and development of energy and natural resources projects in the pre-operation stage around the globe continued to be a major source of the loss.

Administrative expenses of the Group for the year amounted to approximately HK$72.25 million (31 December 2011: HK$73.34 million), representing a decrease of approximately HK$1.09 million from the previous year. Administrative expenses mainly comprised legal and professional expenses, consultancy fee, staff costs and travelling expenses.

Loss per share for the year was HK$0.07 (31 December 2011: HK$0.19). The Board does not recommend any final dividend for this financial year (31 December 2011: Nil).

Review of Business Operations

Oilfield Exploration and Exploitation Business

The Tartagal concession and Morillo concession (collectively the "Concessions") are 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. It is one of the largest oil exploration land parcels open for tender in Argentina. The Company holds 60% interests in the Concessions through an indirect wholly-owned subsidiary, and is responsible for carrying out the duties in regard to all legal acts, contracts, and operations of the exploration works in the Concessions.

Exploration, Development and Production in the Concessions

In 2012, the Group obtained additional geological information of the Concessions areas from various sources including analysis of the sedimentary information of the ER x-1 exploratory well, and provided the information to an independent technical advisory firm to reassess the prospective resources in the Concessions areas.

During the year, completed the 259km^2 3D seismic works in Morillo Block, the Group also performed additional works including carrying out geochemical studies in the Concessions areas and workover the well CA x-1002. The Group has engaged certain geographical specialists in Argentina, UK and China to interpret these data. The result may enhance the successful drillings in the coming future.

The well CA x-1002 and CA x-1, located at the Tartagal Oriental area, were in a trial stage of production, and the income generated from the sales of crude oil was recognized as other net income in the consolidated income statement. For the year ended 31 December 2012, the Group generated a net loss of approximately HK$0.01 million (31 December 2011: net gain of HK$0.23 million) on the sales of crude oil under trial production in these wells.

The Concessions are currently under exploration and no development or production activity was taken place. Development and production activities will commence once exploration data from the Concessions areas indicated that there are commercial valuable reserves.

A summary of expenditure incurred from the exploration activities during the year is as follows:

Nature of expenditure	**Amount**
	HK$'000
Exploration rights	–
Geological and geochemical studies	2,702
Exploratory drillings	1,265
Others	904
Total	4,871

Update of Resources

Referring to additional seismic data for the twelve identified prospects over Tartagal and Morillo license areas, Netherland, Sewell & Associates, Inc. ("NSAI"), an independent qualified technical adviser, prepared a report for the purpose to estimate the undiscovered original hydrocarbons-in-place and unrisked gross (100 percent) prospective resources for prospects in the Tartagal and Morillo license areas located in the Chaco-Parana´ and Chaco-Tarija Basins, Salta Province, Argentina.

The unrisked gross (100 percent) prospective oil and gas resources for the Concessions are as follows:

	Oil			Gas		
Prospect [(1)]	**Low Estimate**	**Best Estimate**	**High Estimate**	**Low Estimate**	**Best Estimate**	**High Estimate**
	(Million of Barrels)			(Million of Cubic Feet)		
EM Deep 1	**1.5**	**4.3**	**12.7**	**75.1**	**213.7**	**632.1**
EM Deep 2	**4.1**	**15.2**	**59.4**	**204.3**	**770.1**	**2,990.7**
EM Deep 3	**1.1**	**3.3**	**10.3**	**55.8**	**167.2**	**520.5**
EM Deep 4	**2.3**	**5.7**	**14.0**	**115.0**	**285.8**	**696.6**
PET North	**0.1**	**0.3**	**0.8**	**5.2**	**14.8**	**41.8**
Morillo Deep	**0.3**	**0.9**	**2.4**	**16.7**	**44.5**	**119.3**
ZH South	**27.5**	**56.6**	**110.6**	**23.5**	**47.8**	**96.7**
Tordillo Undip	**5.4**	**10.8**	**21.9**	**4.5**	**9.3**	**19.3**
Los Blancos Southwest	**1.1**	**3.2**	**9.2**	**0.9**	**2.7**	**8.1**
Tordillo Northwest	**4.1**	**10.1**	**24.2**	**3.5**	**8.6**	**21.5**
Los Blancos Northwest	**1.3**	**3.3**	**8.2**	**1.1**	**2.8**	**7.1**
Los Blancos North	**2.3**	**4.7**	**9.7**	**1.9**	**4.0**	**8.6**
Arithmetic Total [(2)]	**51.1**	**118.4**	**283.4**	**507.5**	**1,571.3**	**5,162.2**

Notes:

(1) The chance of geologic success for the twelve identified prospects ranges from 1 to 16 percent which equals 84 to 99 percent chance of failure and therefore represents moderate risk to very high risk exploration.

(2) The arithmetic total is the sum of multiple probability distributions and may not add because of rounding.

Currently, we have requested NSAI to perform an estimation on the undiscovered original hydrocarbons-in-place and unrisked gross (100 percent) prospective resources by taking into account recent technical information (including 2D and 3D seismic data from Morillo areas). An updated technical report is expected to be completed during the second quarter of 2013.

Investment in Oil and Gas Properties in Texas and Louisiana, the United States

In 2012, the Group cooperated with a Dallas-based drilling fund to establish a joint venture, Caddo Pine Island Venture (CPIV), to exploit and develop six leases in Caddo Parish, Louisiana. To concentrate on the development of CPIV, the Group disposed major portion of the oil and gas properties located in Louisiana in August 2012. In January 2013, the Group entered into a sale and purchase agreement with BCM Energy Partners in respect of the disposal of the oil and gas properties located in East Texas, United Stated. Beyond the completion of the re-organization of the oil and gas properties mentioned above, the assets hold by the Group in Louisiana are expected to have a better return to the Group.

During the year, the Group recorded a gross income of HK$4.91 million (31 December 2011: HK$2.18 million) in its oil business operated in Texas and Louisiana, United States. The Group will seek to expand its production volume and improve the profit margin of the business through seeking opportunities for potential investments and by devoting capital investments and resources to the operation of oil and gas properties when appropriate.

Investment in Oil and Gas Properties in Utah, the United States

The Uinta Basin is a geologic structural basin in eastern Utah, east of the Wasatch Mountains and south of the Uinta Mountains, which is the source of commercial oil and gas production. In 2012, the Group invested several oil and gas properties in this area and is proposed to acquire additional oil and gas properties to enhance the Group's investment portfolio, and also the return to our shareholders.

In 2012, the Group invested in two 50% working interest wells, i.e., Federal 11-18 and Penny 16-7 located in the lower Green River formation of Utah, and a right to earn a 75% interest in the 1,600 acres by drilling five new wells within two years. According to the data provided by an independent technical consulting company, the Proven Developed Reserve (1P), Probable Developed Reserve (2P) and the Possible Undeveloped Reserve (3P) of the wells and interest acres are estimated at 72,000 barrels of oil ("bbls"), 108,000 bbls and 376,000 bbls respectively. During the year, the Group provided funds of US$1.1 million (equivalent to approximately HK$8.53 million) to workover these two wells and the right. Through the installation of submersible pumps and initial swabbing, production of each well is expected to be improved. In July 2012, Grey Hawk Exploration Inc. ("Grey Hawk"), a Canadian oil and gas company, interested in and committed to the Group that they will drill the 5 additional new wells. To enable the Group's fund to be used more flexibly and effectively, the Group assigned the interest of the two wells and the right to Grey Hawk in return of 26% enlarged equity interest of Grey Hawk. Upon the completion of the assignment, together with the existing investment in Grey Hawk made by the Group, the Group in aggregate has approximately 45% equity interest in Grey Hawk. The Group believes that investment in Grey Hawk will contribute a reasonable return to the Group.

In addition, the Group further acquired (i) 100% working interest of 7 wells and 280 acres located in the Uinta Basin and (ii) 100% interest of an oil and gas operating company based in Utah, United States. Upon completion of the acquisition, we commenced some pre-production works on these wells. The aggregate production volume from these wells is expected to reach around 40 to 50 barrels per day.

Meanwhile, to further enhance the investment portfolio in the upstream business in Uintah Basin, in September 2012 and March 2013, the Group entered into a sale and purchase agreement and a supplementary agreement respectively, to acquire (i) the 75% working interest in the 80% net revenue interest of 30 well bores and the surrounding 2,300 acres of tribal and fee land in the Uinta Basin of the State of Utah, United States (the "Properties") and (ii) the right to lease, explore, exploit and develop the option acreage of prospective oil and gas leases adjacent to the 30 well bores and the 2,300 acres of tribal and fee land in relation to the Properties (the "Right"). According to the independent technical report prepared on the 23 wells out of the 30 wells, it indicates that the Proven Developed Reserve (1P) and Probable Developed Reserve (2P) are estimated at 1.3 million barrels and 1.4 million barrels respectively. The acquisition was completed on 13 March 2013. The Group believes that the acquisition of Properties and Rights will strengthen our assets base in Uinta Basin.

LNG Business

In 2012, the Group commenced the downstream liquefied natural gas ("LNG") business through its first gasification of rural modernization project located in Huaiyin District of Huaian City, Jiangsu Province, People's Republic of China ("PRC"). The phase-one community pipeline construction are nearly complete and will be put into service shortly and start generating revenue to the Group's revenue in LNG operation.

In addition, to further expand our downstream LNG business, in 2012, the Group entered into acquisition agreements with independent parties to acquire a number of projects including (i) LNG/Compressed natural gas ("CNG") stations, (ii) industrial park integrated natural gas utilisation projects and (iii) residential gas utilization projects.

However, in order to streamline the Group's corporate structure and consolidate our upstream asset base, in February 2013, the Group entered into a memorandum of understandings with China Print Power Group Limited (stock code: 06828) in relation to the disposal of entire downstream LNG business operated by the Group. The proposed disposal sale shows our determination to clearly delineate our upstream business from the downstream LNG business. The Group believes, in the best interest of our shareholders, the consolidation can enhance the transparency and the Group's asset value, and additional financial resources can also be deployed into our invested assets in United States and Argentina.

Trading Business

In 2012, the Group continued to operate in its resources-related trading business. During the year, the Group recorded sales of approximately HK$124.09 (31 December 2011: HK$126.67 million), with a gross profit of approximately HK$2.20 million (31 December 2011: HK$0.32 million). Even the sales for the year was slightly decreased due to the fluctuation of global market, the Group's gross profit was improved. The Group will maintain continuous growth and expansion of the current trading business, and also dedicate more efforts on bolstering relations with existing partners and customers with the objective to broaden its income sources and growth potential of the business.

Termination of Production of Iron Concentrate Business

During the year, the Group recorded sales of HK$nil (31 December 2011: HK$10.50 million), with a gross profit/loss of HK$nil (31 December 2011: gross profit of approximately HK$1.09 million) in its business of producing iron concentrates. Meanwhile, the Group recorded a one-and-off income in aggregate of HK$29.03 million in respect of the early termination of sub-contracting agreement.

In April 2012, the Group and the sub-contractor entered into a termination agreement to early terminate the operating right of the iron mine and refinery factory located in Qinglong Manzu Autonomous County, Heibi Province, PRC obtained by the Group during the year 2010. Upon the termination of the sub-contracting agreement, the Group was refunded in full the deposit paid for the sub-contracting agreement of RMB67.40 million (equivalent to approximately HK$82.77 million) from the sub-contractor together with an aggregate compensation of

RMB32.60 million (equivalent to approximately HK$40.03 million) in respect of the investment costs incurred. Through the termination of the sub-contracting agreement, the Group took this opportunity to streamline its business and divert its working capital from the non-core businesses to focus on the oil and natural gas business.

PROSPECTS

In year 2012, the Group is proactively seeking investment opportunities to broaden its revenue base, as well as to diversify its sources of income. Throughout the year, the management has identified a significant future growth opportunity in the LNG business and entered into two sale and purchase agreements to acquire for a number of LNG projects in Guizhou province, PRC. Through the acquisition and develop our own LNG projects, we successfully expand our business to LNG sector. Currently, the Group is planning to streamline the existing corporate structure and consolidate our upstream asset base through the disposal of our entire downstream LNG business. A memorandum of understand was entered with China Print Power Group Limited in February 2013 regarding this respect. The disposal will clearly delineate our existing upstream business from the downstream LNG business. The management believes that separation of the development of upstream and downstream natural resources business will enhance the Group's operation efficiency.

In addition, the Group is continually expanding its business in United States and Argentina. Currently, the Group entered into sale and purchase agreements in acquiring further oil properties in Uinta Basin of State of Utah in United States and concession interests in province of Salta, Formosa and Jujuy in Argentina. Furthermore, a memorandum of understanding was also entered by the Group to acquire a further 9.25% interest in the Tartagal and Morillo concessions.

While the Group's exploration plan in the Concessions is still in a relatively early stage, the Group will continue to give its full support to its core business in Argentina. Working closely with its business partners, technical advisors and contractors, the Group will bolster its exploration activities at the Tartagal and Morillo concessions. In the coming year, the Group plans to drill three exploratory wells in the Morillo area.

The management sees the above transactions as attractive opportunities to capitalize on the rising demand for energy, and to streamline and diversify the Group's involvement in the natural resources sector. The Group remains focused on developing its existing operations while concurrently pursuing potentially lucrative business opportunities around the globe. This approach is motivated by the Group's dedication to delivering maximum returns to its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure, liquidity and financial resources

On 20 January 2012, the Company entered into the Placing Agreement with Ping An China Securities (Hong Kong) Company Limited and Select Investment Services Limited (the "Placing Agents"), pursuant to which the Company had conditionally agreed to place, through the Placing Agents, up to 90,000,000 placing shares to not less than six independent third parties at the placing price of HK$0.55 per placing share. The maximum number of 90,000,000 placing shares represents (i) approximately 19.80% of the issued share capital of the Company of 454,462,087 shares as at 31 December 2011; and (ii) approximately 16.53% of the issued shares of the Company as enlarged by the allotment and issue of the 90,000,000 placing shares. The placing was completed on 20 February 2012.

On 30 August 2012, the Company entered into the Placing Agreement with Ping An China Securities (Hong Kong) Company Limited and Orient Securities Limited (the "Placing Agents"), pursuant to which the Company had conditionally agreed to place, through the Placing Agents, up to 300,000,000 placing shares to not less than six independent third parties at the placing price of HK$0.55 per placing share. The maximum number of 300,000,000 placing shares represents (i) approximately 52.41% of the issued share capital of the Company of 572,462,087 shares as at 30 August 2012; and (ii) approximately 34.39% of the issued shares of the Company as enlarged by the allotment and issue of the 300,000,000 placing shares. The placing was completed on 14 November 2012 and 103,954,000 out of 300,000,000 placing shares were issued.

On 20 December 2012, the Company entered into the Placing Agreement with Orient Securities Limited (the "Placing Agent"), pursuant to which the Company had conditionally agreed to place, through the Placing Agent, up to 35,000,000 placing shares to not less than six independent third parties at the placing price of HK$0.91 per placing share. The maximum number of 35,000,000 placing shares represents (i) approximately 5.17% of the issued share capital of the Company of 676,416,087 shares as at 20 December 2012; and (ii) approximately 4.92% of the issued shares of the Company as enlarged by the allotment and issue of the 35,000,000 placing shares. The placing was completed on 14 January 2013.

On 18 January 2013, the Company entered into the Placing Agreement with Orient Securities Limited (the "Placing Agent"), pursuant to which the Company had conditionally agreed to place, through the Placing Agent, up to 22,000,000 placing shares to not less than six independent third parties at the placing price of HK$0.91 per placing share. The maximum number of 22,000,000 placing shares represents (i) approximately 3.09% of the issued share capital of the Company of 711,416,087 shares as at 18 January 2013; and (ii) approximately 3.00% of the issued shares of the Company as enlarged by the allotment and issue of the 22,000,000 placing shares. The placing was completed on 29 January 2013.

On 25 January 2013, the Company entered into the Placing Agreement with Orient Securities Limited (the "Placing Agent"), pursuant to which the Company had conditionally agreed to place, through the Placing Agent, up to 14,000,000 placing shares to not less than six independent third parties at the placing price of HK$0.98 per placing share. The maximum number of 14,000,000 placing shares represents (i) approximately 1.97% of the issued share capital of the Company of 711,416,087 shares as at 25 January 2013; and (ii) approximately 1.87% of the issued shares of the Company as enlarged by the allotment and issue of the 22,000,000 placing shares announced on 18 January 2013 and issue of 14,000,000 placing shares under current placement. The placing was completed on 6 February 2013.

As at 31 December 2012, the total equity of the Group was HK$3,796.21 million (31 December 2011: HK$3,710.72 million) and the net asset value per share was HK$5.61 (31 December 2011: HK$8.17). The debt ratio, calculated by total liabilities divided by total assets, was 2.64% as at 31 December 2012 (31 December 2011: 6.01%).

As at 31 December 2012, the total asset value of the Group was approximately HK$3,899.27 million (31 December 2011: HK$3,947.79 million) and total cash and bank balances were approximately HK$36.05 million (31 December 2011: HK$41.03 million).

As at 31 December 2012, net current assets of the Group were approximately HK$51.43 million (31 December 2011: net current liabilities of HK$163.49 million).

The Group's borrowings as at 31 December 2012 comprised (i) an other borrowing of HK$30.14 million, bearing interest at 4% per annum, (ii) borrowing from a related company totaling approximately HK$10.28 million, bearing interest at 5% per annum, (iii) a loan from non-controlling shareholder of HK$28.13 million, bearing interest at 4% per annum, and (iv) bank borrowing of approximately HK$2.55 million, denominated in United States dollar, bearing interest at 6% per annum. As at 31 December 2012, the gearing ratio, calculated on the basis of interest bearing borrowings divided by total equity, was 1.87% (31 December 2011: 4.45%).

Capital expenditure

The Group's capital expenditure during the year amounted to approximately HK$24.68 million (31 December 2011: HK$241.96 million).

Charge on assets

As at 31 December 2012, a bank borrowing of approximately HK$2.55 million (31 December 2011: HK$0.58 million) was secured by the assets of a subsidiary and guaranteed by the manager of the subsidiary, bearing interest fixed at 6% per annum.

Contingent liability

Details of contingent liabilities of the Group as at 31 December 2012 are set out in note to the consolidated financial statements.

Capital commitments

Details of capital commitments of the Group as at 31 December 2012 are set out in note to the consolidated financial statements.

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. Details of the Group's exposure to interest rate risk and currency risk are set out in notes to the consolidated financial statements.

Employees

As at 31 December 2012, the Group employed a total of 62 employees (31 December 2011: 24) in Hong Kong, the PRC, United States and Argentina. Total employee remuneration (including directors' emoluments and benefits) amounted to HK$17.39 million (2011: HK$17.61 million). The Group provides its employees with competitive remuneration packages which are determined based on personal performance, qualifications, experience, and relevant market conditions with respect to geographical location and type of business that the Group operates.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 year ended 31 December 2012, except for the following deviations:

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 had reviewed the audited consolidated financial statements and connected transactions of the Group for the year ended 31 December 2012, and discussed with the Board the financial reporting procedures as well as the internal control system.

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 INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.nt-energy.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2012 will be dispatched to shareholders of the Company and available on the above websites in due course.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "Annual General Meeting") be held on 28 June 2013. The notice of the Annual General Meeting will be published on the Company's website and the Stock Exchange's website and sent to the shareholders of the Company in due course.

By Order of the Board
New Times Energy Corporation Limited
Cheng Kam Chiu, Stewart
Chairman

Hong Kong, 28 March 2013

As at the date of this announcement, the Board comprises seven Directors, of which three are executive Directors, namely Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Ming Kit and Mr. Sun Jiang Tian; one non-executive Director, namely Mr. Wong Man Kong, Peter; and three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Yung Chun Fai, Dickie and Mr. Chiu Wai On.