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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 2010

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 2010 as follows:–

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Turnover	3&4	**57,252**	9,196
Cost of sales		**(56,751)**	(9,150)
Gross profit		**501**	46
Other revenue	5(a)	**9,908**	2,111
Other net income	5(b)	**5,391**	8,055
Other operating income	5(c)	**–**	476
Administrative expenses		**(64,429)**	(28,501)
Other operating expenses		**(14,036)**	(10,819)
Loss from operations		**(62,665)**	(28,632)
Finance costs	6(a)	**(8,514)**	(1,847)
Share of loss of a jointly controlled entity		**(2,658)**	(5,522)

* *For identification purpose only*

	Note	**2010**	2009
		HK$'000	*HK$'000*
Loss before taxation	*6*	**(73,837)**	(36,001)
Income tax	*7(a)*	**(6,539)**	27
Loss for the year		**(80,376)**	(35,974)
Loss for the year attributable to:			
Owners of the Company		**(66,057)**	(31,934)
Non-controlling interests		**(14,319)**	(4,040)
		(80,376)	(35,974)
Loss per share	*8*		
Basic and diluted		**(0.81cents)**	(1.10 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
Loss for the year	**(80,376)**	(35,974)
Other comprehensive expense		
Exchange difference arising on translation of financial statements of overseas subsidiaries, net of tax HK$nil (2009: HK$nil)	**(622)**	(51)
Total comprehensive expense for the year	**(80,998)**	(36,025)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(66,159)**	(31,968)
Non-controlling interests	**(14,839)**	(4,057)
	(80,998)	(36,025)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Exploration and evaluation assets	*10*	**3,501,338**	3,247,828
Property, plant and equipment		**5,046**	1,885
Intangible asset		**944**	3,246
Deposit paid for potential investment		**–**	30,000
Convertible promissory note receivable		**8,412**	–
Interest in a jointly controlled entity		**6,948**	9,606
Loan to a non-controlling shareholder	*11(e)*	**1,134**	–
Deposit paid for a sub-contracting contract		**79,301**	–
		3,603,123	3,292,565
CURRENT ASSETS			
Inventories		**349**	–
Trade and other receivables	*11*	**122,398**	42,447
Deposit paid for potential investment		**60,000**	–
Convertible promissory note receivable		**9,312**	–
Derivative financial instruments		**272**	–
Restricted bank deposits		**–**	9,265
Pledged bank deposits		**–**	28,355
Cash and cash equivalents		**114,061**	163,747
		306,392	243,814
CURRENT LIABILITIES			
Trade and other payables	*12*	**73,816**	13,736
Bank and other borrowings		**160,294**	85,368
Obligations under finance leases		**12**	12
Current taxation		**4,564**	12
Provisions		**–**	7,713
		(238,686)	(106,841)
NET CURRENT ASSETS		**67,706**	136,973

	Note	2010 HK$'000	2009 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,670,829**	3,429,538
NON-CURRENT LIABILITIES			
Obligations under finance leases		**(1)**	(13)
NET ASSETS		**3,670,828**	3,429,525
CAPITAL AND RESERVES			
Share capital		**825,518**	551,000
Share premium and reserves		**2,862,513**	2,880,889
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,688,031**	3,431,889
NON-CONTROLLING INTERESTS		**(17,203)**	(2,364)
TOTAL EQUITY		**3,670,828**	3,429,525

Notes:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2010 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 the following assets and liabilities are carried at their fair value as explained in the accounting policies set out below:

– financial instruments classified as trading securities; and

– derivative financial instruments.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards ("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 significant effect on the financial statements and major sources of estimation uncertainty are discussed in the notes to the Consolidated 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.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised 2008)	Business Combinations
HK(IFRIC)-Int 17	Distribution to Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements-Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

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 3 (revised 2008), Business combinations

As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the requirements under HKFRS 3 (revised 2008). Its application has affected the accounting for business combinations in the current year.

- HKFRS 3 (revised 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. Consequently, the goodwill recognised in respect of the acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of the recognised amount of the identifiable net assets of the acquiree.

- HKFRS 3 (revised 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date. Subsequent adjustments, if any, to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

- HKFRS 3 (revised 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

- HKFRS 3 (revised 2008) requires acquisition-related costs to be accounted for separately from the business combination, with those costs being recognised as an expense in profit or loss as incurred. Previously, they were accounted for as part of the cost of the acquisition.

- HKFRS 3 (revised 2008) requires that where the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying amounts of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

HKAS 27 (revised 2008), Consolidated and Separate Financial Statements

The application of HKAS 27(amended 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. Previously, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised. For decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (amended 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, HKAS 27 (amended 2008) requires the derecognition of all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

In accordance with the transitional provisions of HKAS 27, these changes in accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Revisions to HKAS 27 (revised 2008) have not had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of such previous transactions.

Amendments to HKAS 17 Leases, as part of Improvements to HKFRSs issued in 2009

HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

Hong Kong Interpretation 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ('HK (Int) 5') clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK (Int) 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current, provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period, notwithstanding that the entity could be required by the counterparty to settle in shares at any time.

Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

The application of the amendments to HKAS 7 has resulted in a change in the presentation of cash outflows in respect of development costs that do not meet the criteria in HKAS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset in the consolidated statement of cash flows. This change has been applied retrospectively.

Amendments to HKFRS 5, Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

HKFRS 2 (Amendments), Group cash-settled share-based payment transactions

HKFRS 2 (Amendments) become effective from 1 January 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC)11, the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation.

Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. TURNOVER

The principal activities of the Group are general trading and exploration of natural resources.

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:

	2010	2009
	HK$'000	*HK$'000*
Sale of oil products	**40,658**	–
Sale of iron concentrates	**2,408**	–
Sale of non-ferrous metals	**14,186**	–
Sale of frozen food	**–**	9,196
	57,252	9,196

4. SEGMENT INFORMATION

The Group manages its businesses by divisions which are organized by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") 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, non-ferrous metal and frozen foods. Currently, the Group's general trading activities are carried out in both Hong Kong and Mainland China.
Exploration of natural resources	This segment is engaged in the exploration of crude oil in Argentina Republic ("Argentina"). The activities carried out in Argentina are through a non-wholly-owned subsidiary.

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM 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, convertible promissory note receivable, deposit paid for potential investment and other corporate assets. Segment liabilities include non-current liabilities and current liabilities with the exception of current taxation 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 and income tax expenses. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance. In addition to receiving segment information concerning the segment result, the CODM is provided with segment information concerning interest income, interest expenses, depreciation and amortisation, impairment losses on intangible assets and trade and other receivables 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 described in notes to the Consolidated Financial Statements.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2010 and 2009 is set out below:

	General trading		**Exploration of natural resources**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue (note)	**54,844**	9,196	**–**	–	**54,844**	9,196
Reportable segment loss	**(27,750)**	(312)	**(14,295)**	(12,269)	**(42,045)**	(12,581)
Depreciation and amortisation	**1,784**	121	**227**	–	**2,011**	121
Interest income	**(651)**	(393)	**(247)**	–	**(898)**	(393)
Interest expenses	**5,736**	181	**–**	–	**5,736**	181
Income tax expenses/(credit)	**118**	44	**6,421**	(71)	**6,539**	(27)
Impairment loss of						
– intangible assets	**914**	–	**–**	–	**914**	–
– trade and other receivables	**12,597**	–	**–**	–	**12,597**	–
Reportable segment assets	**122,148**	80,963	**3,584,290**	3,302,904	**3,706,438**	3,383,867
Additions to non-current segment assets during the year	**611**	3,425	**202,990**	3,248,137	**203,601**	3,251,562
Reportable segment liabilities	**(129,102)**	(54,203)	**(59,412)**	(8,218)	**(188,514)**	(62,421)

Note:

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year. (2009: HK$nil)

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

	Year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**54,844**	9,196
Unallocated revenue	**2,408**	–
Consolidated turnover	**57,252**	9,196
Loss		
Reportable segment loss	**(42,045)**	(12,581)
Unallocated operating income	**7,098**	12,920
Unallocated operating expenses	**(34,873)**	(26,209)
Finance costs	**(1,437)**	(1,847)
Share of post-tax loss of a jointly controlled entity	**(2,658)**	(5,522)
Loss on early settlement of promissory notes	**–**	(10,817)
Net fair value gain on derivative financial instruments	**78**	8,055
Consolidated loss before taxation	**(73,837)**	(36,001)

	As at 31 December	
	2010	2009
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**3,706,438**	3,383,867
Interest in a jointly controlled entity	**6,948**	9,606
Deposit paid for potential investment	**60,000**	30,000
Convertible promissory note receivable	**17,996**	–
Unallocated corporate assets		
– Cash and cash equivalents	**66,187**	110,525
– Other receivables	**44,607**	–
– Others	**7,339**	2,381
Consolidated total assets	**3,909,515**	3,536,379
Liabilities		
Reportable segment liabilities	**(188,514)**	(62,421)
Current taxation	**(4,564)**	(12)
Unallocated corporate liabilities		
– Other borrowings	**(42,344)**	(40,000)
– Others	**(3,265)**	(4,421)
Consolidated total liabilities	**(238,687)**	(106,854)

c) **Geographical information**

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

The following tables sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than convertible promissory note receivable, deposit paid for potential investment, loan to a non-controlling shareholder and interest in a jointly controlled entity ("Specified non-current assets"). The geographical location of customers is based on 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.

	Revenue from external customers		**Specified non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**40,658**	9,196	**949**	1,691
Mainland China	**16,594**	–	**83,275**	3,302
Argentina	**–**	–	**3,502,405**	3,247,966
	57,252	9,196	**3,586,629**	3,252,959

d) **Information about major customers**

Revenue from sales of goods to customers represents 10% or more of the Group's total revenue is shown as follows:

	2010	2009
	HK$'000	*HK$'000*
Customer A	**40,658**	–
Customer B	**–**	9,196
Customer C	**14,186**	–

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

e) **Information about products and services**

The Group's revenue from external customers for each product were set out in note 3.

5. OTHER REVENUE, NET INCOME AND OPERATING INCOME

	2010	2009
	HK$'000	*HK$'000*
(a) Other revenue		
Bank interest income	**1,337**	176
Other interest income	**4**	1,284
Effective interest income on convertible promissory note receivable	**35**	–
Total interest income on financial assets not at fair value through profit or loss	**1,376**	1,460
Commission income	**1,456**	–
Recovery of insurance premium	**6,650**	–
Sundry income	**426**	651
	9,908	2,111
(b) Other net income		
Net realised gain on trading securities	**5,117**	–
Net gain on sale of crude oil under trial production	**196**	–
Net fair value gain on derivative financial instruments	**78**	8,055
	5,391	8,055
(c) Other operating income		
Interest waived upon early settlement of promissory note	**–**	476

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2010	2009
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank and other borrowings wholly repayable within five years	**7,172**	180
Effective interest expenses on		
– promissory notes	**–**	1,408
– convertible notes	**–**	258
Finance charges on obligations under finance leases	**1**	1
Total interest expenses on financial liabilities not at fair value through profit or loss	**7,173**	1,847
Loan guarantee charge	**1,341**	–
	8,514	1,847
(b) Staff costs (including directors' emoluments)		
Salaries, wages and benefits in kind	**12,520**	4,776
Retirement scheme contributions	**519**	151
	13,039	4,927
(c) Other items		
Cost of inventories	**56,751**	9,150
Amortisation of intangible assets	**1,472**	120
Depreciation for property, plant and equipment	**1,176**	640
Net foreign exchange loss	**3,415**	139
Minimum lease payments under operating leases on leasehold land and buildings	**2,279**	1,575
Loss on early settlement of promissory notes	**–**	10,817
Impairment loss on intangible assets	**914**	–
Impairment loss on trade and other receivables	**12,597**	–
Bad debts written off on other receivables	**335**	–
Preliminary expenses written off	**21**	–
Auditor's remuneration	**1,070**	862

Cost of inventories includes HK$35,000 (2009: HK$nil) 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.

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

	2010	2009
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprise Income Tax	**118**	44
– Argentina minimum presumed income tax	**6,421**	–
	6,539	44
Over-provision in respect of prior periods		
– Argentina Corporate Income Tax	**–**	(71)
Deferred income tax	**–**	–
Tax charge/(credit)	**6,539**	(27)

Pursuant to the rules and regulations of the Bermuda and the British Virgin Islands ("BVI"), the Company and its subsidiaries incorporated in Bermuda and BVI are not subject to any income tax in the Bermuda and the BVI during the year (2009: HK$nil).

No Hong Kong Profits Tax has been provided for in the financial statements as the Company and its subsidiaries incorporated or operated in Hong Kong have accumulated tax losses brought forward which exceed the estimated assessable profits for the year (2009: 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 year).

People's Republic of China ("PRC") of the Group 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.

Argentina subsidiaries of the Group 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 effective tax rate of 1% on the tax base of certain assets. The tax liabilities of Argentina subsidiaries of the Group are the higher of CIT and MPIT.

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

	2010	2009
	HK$'000	*HK$'000*
Loss before taxation	**(73,837)**	(36,001)
Notional tax on loss before taxation, calculated at the tax rates applicable to losses in the tax jurisdictions concerned	**(17,335)**	(6,935)
Tax effect of non-taxable income	**(236)**	(1,438)
Tax effect of non-deductible expenses	**8,998**	7,502
Tax effect of tax losses not recognised	**8,987**	168
Tax effect of deductible temporary differences not recognised	**28**	703
Tax effect on utilisation of tax losses not recognised in prior year	**(366)**	–
Tax effect of PRC income tax on representative office	**42**	44
Argentina minimum presumed income tax	**6,421**	–
Over-provision of Argentina Corporate Income Tax in prior periods	**–**	(71)
Actual tax expense/(credit)	**6,539**	(27)

8. 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 approximately HK$66,057,000 (2009: loss of approximately HK$31,934,000) and the weighted average number of 8,150,702,713 ordinary shares (2009: 2,897,868,159 ordinary shares) in issue during the year.

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2009 and 2010 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.

9. DIVIDENDS

The directors do not recommend any payment of final dividend for the year ended 31 December 2010 (2009: nil).

10. EXPLORATION AND EVALUATION ASSETS

	Exploration rights	Exploratory drilling	Geological studies	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2009	–	–	–	–	–
Arising on acquisition of subsidiaries	3,217,023	–	–	359	3,217,382
Additions	–	21,530	–	9,076	30,606
Exchange adjustments	(38)	–	–	(122)	(160)
At 31 December 2009 and 1 January 2010	3,216,985	21,530	–	9,313	3,247,828
Additions	8,455	6,259	214,585	28,957	258,256
Exchange adjustments	(268)	(137)	(3,906)	(435)	(4,746)
At 31 December 2010	3,225,172	27,652	210,679	37,835	3,501,338

Note:

(a) In 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 under the Provincial Government Decree N° 3391/2006 and Decree N° 3388/2006 dated 29 December 2006 for the Tartagal Concession and the Morillo Concession respectively. 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. 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, Maxpetrol agreed 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 benefits from the Concessions and the UTE according to their respective interests. High Luck is solely responsible for the provision of funding for investments and expenses incurred during the exploration stage, and any profit generated in the Concessions will first apply to repay the funding provided by High Luck.

In April 2009, the UTE namely Maxipetrol Petroleros de Occidente – UTE was registered in the Public Register of Commerce and High Luck becomes 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 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 therefore the UTE 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 the notes to the Consolidated Financial Statement, the management of the Group determines that there is no events and changes in circumstances indicate that the carrying amount of the exploration and evaluation assets may not be recoverable. As a result, no impairment of exploration and evaluation assets is recognised.

(d) Pursuant to the bidding terms, the exploration permits to the Concessions were 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 was extended to 29 February 2012.

(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 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 of Hong Kong Limited ("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 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$780,000,000 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 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 a 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 are uncertain that the proven 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 end of the reporting period is not significant.

11. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables (note (a))	**5,909**	2,829
Less: Allowance for impairment loss (note (b))	**(5,909)**	–
	–	2,829
Other receivables (note d)	**57,320**	5,987
Less: Allowance for impairment loss (note (b))	**(6,935)**	–
	50,385	5,987
Loan to a non-controlling shareholder (note (e))	**1,865**	–
Amount due from a non-controlling shareholder	**2**	2
Loans and receivables	**52,252**	8,818
Held-to-maturity securities (note (f))	**–**	11,342
Argentina VAT and other tax recoverable	**39,577**	–
Prepayment and deposits	**30,569**	22,287
	122,398	42,447

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

Note:

(a) Ageing analysis

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

	2010	2009
	HK$'000	*HK$'000*
0 – 14 days	**–**	–
15 – 60 days	**–**	480
61 – 90 days	**–**	441
Over 90 days	**5,909**	1,908
	5,909	2,829

Trade receivables are due within 14 days (2009: 14 days) from the date of billing. Further details on the Group's credit policy are set out in the notes to the Consolidated 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 and other receivables directly.

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

	2010	2009
	HK$'000	*HK$'000*
At 1 January	**–**	–
Impairment loss recognised	**12,597**	–
Exchange adjustment	**247**	–
At 31 December	**12,844**	–

At 31 December 2010, the Group's trade and other receivables of HK$12,844,000, in which HK$5,909,000 from trade receivables and HK$6,935,000 from other receivables, were individually determined to be impaired. The individually impaired receivables related to a customer and a debtor that were in lawsuit with the Group in respect of the outstanding debts. The management assessed that the recovery of the receivables are with financial difficulties and may not be recovered. Consequently, specific allowances for impairment loss of HK$12,597,000 (2009: HK$nil) was recognised. 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:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	–
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

Receivable that was neither past due nor impaired relate to a customer for whom there was no recent history of default.

In last year, receivable that was past due nor impaired related to an independent customer that the balance was fully settled subsequent to the end of the reporting period. The Group did not hold any collateral over this balance.

(d) The balance as at 31 December 2010 mainly represents the consideration receivable of HK$43,900,000 from an independent third party for the disposal of trading securities listed on the main board of the Stock Exchange. The balance was unsecured, interest-free and repayable on 28 February 2011. The balance was fully settled in March 2011.

(e) The loan to a non-controlling shareholder is unsecured, interest free and repayble by monthly installment of US$20,000 (equivalent to approximately HK$156,000) until in full settlement. The amount is neither part due nor impaired. An amount approximately HK$1,134,000, which is expected to be recovered after one year and is classified as non-current asset in the consolidated statement of financial position. For the remaining balance, it is expected to be recovered within one year.

(f) Held-to-maturity securities were unlisted debt securities with maturity date on 5 January 2010. Their carrying amount as at 31 December 2009 approximated their fair value.

12. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables *(note a)*	**4,831**	257
Other payables and accruals	**68,985**	13,277
Amounts due to directors *(note b)*	**–**	202
Financial liabilities measured at amortised cost	**73,816**	13,736

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

Note:

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

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**116**	–
31 – 60 days	**71**	257
61 – 90 days	**–**	–
Over 90 days	**4,644**	–
	4,831	257

(b) The amounts were unsecured, interest free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

General Review

Consolidated turnover of the Group for the year ended 31 December 2010 was about HK$57.25 million (31 December 2009: HK$9.20 million), representing an encouraging increase of 522.6%. However, the Group recorded a loss attributable to shareholders of approximately HK$66.06 million (31 December 2009: HK$31.93 million), resulting mainly from administrative expenses related to the development of energy and natural resources projects of the Group, and necessary costs incurred in searching for and critically evaluating projects in the natural resources sector.

Administrative expenses of the Group for the year amounted to approximately HK$64.43 million (31 December 2009: HK$28.50 million), representing an increase of approximately HK$35.93 million from the previous year. Administrative expenses mainly consist of legal and professional expenses, staff's costs, and business trip related expenses.

Loss per share for the year was HK0.81 cents (31 December 2009: HK1.10 cents). The Board does not recommend any final dividend for this financial year (31 December 2009: Nil).

Review of Business Operations

Trading business

During 2010, the Group executed its plan to improve and strengthen its involvement in the resources sector. The Board's strategy focused on resources-related strategic investment businesses, in order to provide stronger and steadier income for the Group. During the year under review, the Group recorded sales of approximately HK$57.25 million (31 December 2009: HK$9.20 million), with gross profit of approximately HK$0.50 million (31 December 2009: HK$0.05 million). Increase in sales was due to the transformation and expansion of the resources-related trading operations, having sought to broaden the earnings base and growth potential of the business.

Oilfield exploration and exploitation business

It has been more than a year since the Group completed acquiring 60% interest in the exploration and potential exploitation concessions granted by the Government of Argentina regarding the Tartagal and Morillo blocks. The Group fully recognized the strategic importance of advancing the projects into development and exploitation stages. During 2010, the Group continued to build its oil exploration and exploitation properties in Argentina, and provided all the required funding, human resources, and access to advanced technology for the projects. The Group is pleased to report that exploration activities in its oil and gas properties are proceeding satisfactorily. The seismic acquisition programs at Tartagal and Morillo have gone smoothly and data obtained indicates excellent quality.

Exploration, Development and Production

Overview

The Tartagal concession and Morillo concession (collectively the "Concessions") pertain to exploration permits and potential exploitation permits for oil and development 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 interest in the Concessions through an indirect wholly-owned subsidiary, and is responsible for carrying out duties in regard to all legal acts, contracts, and operations of the exploration works at the Concessions.

Exploration

In 2010, the Group achieved fruitful progress in exploring the Concessions. The Group carried out exploration activities for crude oil and natural gas, focusing on 3D seismic acquisition at the Tartagal concession and 2D seismic acquisition at the Morillo concession. Seismic acquisition is a process used to create and record seismic data with the aid of equipment. W.I.C.A.P. S.A., the Group's contractor in Argentina, first used surveying equipment to level and survey points on the cleared lines, then used vibrators to generate seismic signals along the lines. The signals were subsequently recorded by geophones, a type of receiver used for collecting data. Seismic data recorded at the Concessions will be analyzed by the Group's own experts and external technical consultants before the drilling of oil wells commences and subsequent exploration works.

Pursuant to the obligations imposed in the exploration permits granted by the Secretariat of Energy of the Province of Salta, the Company was required to perform 3D seismic data acquisition covering a total surface area of 500 square kilometers and 2D seismic data acquisition covering lines of 997.74 kilometers at the Tartagal and Morillo concessions respectively. In the last quarter of 2010, both 3D seismic data acquisition in Tartagal and 2D seismic data acquisition in Morillo were fully completed. Interpretation of the seismic data is now in progress, which will be followed by a drilling program at the Concessions.

In July 2010, the Secretariat of Energy of the Province of Salta granted an extension on the exploration permits of fourteen additional months – now applicable until February 2012, thus allowing High Luck to design and develop additional exploration programs pertaining to the Tartagal and Morillo blocks.

During the year, the Group successfully completed the workover of the CA x-1002 well and CA x-1 well located at the Tartagal concession. These wells have commenced production of crude oil, generating income for the Group. The success of the workover program substantiates the oil producing capabilities of the Concessions. For the year ended 31 December 2010, the Group produced 839 barrels of crude oil under trial production. Aside from drilling exploration wells, the Group will evaluate the remaining shut-in wells at the Concessions for additional production by utilizing the workover process.

A summary of expenditures incurred from these activities for the year ended 31 December 2010 are as follows:

Summary of Expenditures Incurred

Nature of Expenditure	**Amount**
	HK$'000
Exploration rights	8,455
Geological studies	214,585
Exploratory drilling	6,259
Others	28,957
Total	258,256

Development and Production

During the year, as the Concessions were under exploration permits and the explorations of the projects were in progress, no development or production activity has taken place at this stage. Development and production activities will commence once the relevant exploration works in the Concessions are completed.

Update of Resources

Based on the technical report dated 9 February 2009 ("Technical Report") issued by Netherland, Sewell & Associates, Inc., the independent qualified technical adviser, 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-Paraná and Chaco-Tarija Basins, Salta Province, Argentina and the unrisked gross (100 percent) prospective oil and gas resources for the oilfield 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	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	1,222,638
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

Notes:

(1) The 2007 Petroleum Resources Management System 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.

There are authoritative guidelines regarding the engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved". Resource estimates are updated at least annually and take into account recent production and technical information about the Concessions.

Prospects

As resources are irreplaceable and scarce in general, the Board believes that the rising demand for energy and natural resources is sustainable. In order to better position itself in the industry to grasp emerging opportunities, the Group's strategy will be to assess the feasibility of carrying out further workover programs at the Concessions, expand its trading business in order to increase sales volume and search for strategic investment opportunities in natural resources. The Board believes that the revenue contributions from the wells currently in production and trading operations are crucial to the Group, offering steady cash inflow to offset a portion of exploration expenses incurred from the Tartagal and Morillo oilfield projects.

The Group will continue to support the needs of its oilfield exploration and potential exploitation projects in Argentina, in terms of finance and operation. Working closely with its business partners, technical advisors and contractors, the Group will seek to bolster its exploration activities at the Tartagal and Morillo concessions, aiming to turn prospective oil and gas reserves into proved reserves with substantial potential for commercial production.

In January 2011, the Group terminated its agreement with Dencorn International Limited to acquire three gold mines in Qinglong Manchu Autonomous County, Hebei, the PRC, as certain conditions had not been satisfied, including the possession of all necessary operation permits or licenses and that no material adverse change would occur in the operational owner of the three gold mines, in accordance with the terms of the agreement. Termination of the acquisition will thus enable the Group to devote its resources to the development of its oil business.

Aiming to broaden its business horizon and capture potential growth in its oil and gas properties, the Group will diversify its investment portfolio, which will include setting foot in the United States. In 2011, the Company will cooperate with TXX Energy Corporation, an oil and gas company based in Texas, to form a new limited liability corporation searching for investment opportunities in east Texas and nearby areas. In December 2010, the Company entered into a loan agreement with Nordaq Energy Inc. ("Nordaq"), an oil and gas company based in Alaska, to provide a maximum line of credit of US$5 million for Nordaq's exploration activities in relation to its oil and gas leases in Alaska. In 2011, the aforementioned line of credit had already been fully utilized by Nordaq. At the option of the Company, the outstanding principal amount of this loan may be converted into shares of Nordaq. The Board sees the above transactions as attractive opportunities to capitalize on rising demand for energy, and to diversify the Group's involvement in the natural resources sector.

As a consolidated natural resources company, the Group's strategy goes beyond gold and oil exploration and exploitation, to monitoring trends in natural resources and actively evaluating strategic investment opportunities in resources-related projects around the world. The Group remains focused on developing its existing operations while concurrently pursue potentially lucrative business opportunities around the globe. This approach is motivated by the management's dedication to delivering maximum returns to the Group's shareholders.

Liquidity and Financial Resources

Capital structure, liquidity and financial resources

On 4 May 2009, the Company issued 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 an agreement to acquire 100% interest in Jade Honest Limited. As at 31 December 2010, the said convertible notes were exercised in full, and were converted into 5,726,250,000 shares of the Company.

On 28 January 2010, the Company issued 743,100,000 new shares at HK$0.10 each, pursuant to a placing agreement to place the said shares with independent third parties at a price of HK$0.31 per share. Net proceeds of approximately HK$221.4 million were used for general working capital and financing future investment opportunities identified by the Group.

On 26 February 2010, the Company issued 322,582,000 new shares at HK$0.10 each, pursuant to a subscription agreement and a special mandate approved at the special general meeting held on 24 February 2010, to allot and issue the said shares to Max Sun Enterprises Limited at a price of HK$0.31 per share. Net proceeds of approximately HK$99.9 million were used for general working capital and financing future investment opportunities identified by the Group.

On 25 June 2010, a total of 1,152,521,860 bonus warrants were issued by the Company on the basis of one bonus warrant for every seven existing shares of the Company held by the shareholders registered on the register of members of the Company on 18 June 2010. The holders of these bonus warrants are entitled to subscribe in cash 1,152,521,860 new shares at an initial exercise price of HK$0.27 per share at any time from 25 June 2010 to 24 June 2011 (both days inclusive). Assuming the full exercise of subscription rights as attached to the bonus warrants, net proceeds of approximately HK$310.9 million will be raised, which will be used for general working capital and financing future business development of the Group. As at 31 December 2010, 1,152,489,861 units of bonus warrants remained outstanding.

On 10 September 2010, the Company issued 187,500,000 new shares at HK$0.10 each, pursuant to an agreement to acquire 100% interest in Jade Honest Limited.

As at 31 December 2010, the total equity of the Group was HK$3,670.83 million (31 December 2009: HK$3,429.53 million) and the net asset value per share was HK$0.44 (31 December 2009: HK$0.62). The debt ratio, calculated by total liabilities divided by total assets, was 6.11% as at 31 December 2010 (As at 31 December 2009: 3.02%).

As at 31 December 2010, the total asset value of the Group was approximately HK$3,909.52 million (31 December 2009: HK$3,536.38 million) and total cash and bank balances were approximately HK$114.06 million (31 December 2009: HK$201.37 million).

As at 31 December 2010, working capital, calculated by current assets minus current liabilities, was HK$67.71 million (As at 31 December 2009: HK$136.97 million).

The Group's borrowings as at 31 December 2010 comprised an other borrowing of HK$41.40 million, bearing interest at 3.5% per annum, and two other borrowings of approximately HK$117.95 million and HK$0.94 million, denominated in Renminbi, bearing interest at 5.31% per annum and interest free respectively. As at 31 December 2010, the gearing ratio, calculated on the basis of interest bearing borrowings dividend by total equity, was 4.34% (31 December 2009: 2.49%.)

Capital expenditure

The Group's capital expenditure during the year amounted to approximately HK$262.58 million (31 December 2009: HK$3,251.89 million).

Charge on assets

As at 31 December 2009, a fixed deposit of approximately HK$28.36 million, denominated 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 subsequently released on 6 April 2010.

Contingent Liabilities

In December 2009, Sihui Zhilai, an indirect subsidiary 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 the extent of USD3,406,000 (equivalent to HK$26,413,000). The maximum liabilities of the Group under the guarantees issued represent the amount drawn down by Sihui Kun Peng of USD3,406,000 (equivalent to HK$26,413,000). No recognition of provision was made because, in the opinion of the director of the Company, the fair value of the guarantees was insignificant and that the directors did not consider it is probable that a claim would be made against the Group under the guarantees. On 6 April 2010, the financial guarantees given by the Group were released.

Capital commitments

Capital commitments outstanding at 31 December 2010 not provided for in the consolidated financial statement were as follows:

	2010	2009
	HK$'000	*HK$'000*
Authorised and contracted for		
– Activities of exploration	**6,649**	153,780

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.

Employees

As at 31 December 2010, the Group employed a total of 56 employees (31 December 2009: 26) in Hong Kong, the PRC, and Argentina. Total employee remuneration (including directors' emoluments and benefits) amounted to HK$13.04 million (2009: HK$4.93 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, 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 2010, except for the following deviations:

Code Provision A.2.1

Pursuant to code provision A.2.1 of the CG Code, the roles 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. Cheng Kam Chiu, Stewart, being the Chairman and an executive director of the company, was assuming the role of the CEO of the Company and was 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 2010 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 2010 annual report, as well as the announcement of annual results, containing the relevant information required by the Listing Rules 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.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on Tuesday, 17 May 2011. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

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

Hong Kong, 29 March 2011

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.