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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 2013

Financial highlights for the year ended 31 December

	2013	2012	**Change**
	HK$'000	*HK$'000*	*%*
Turnover	**322,855**	129,007	150.3
Gross profit/(loss)	**2,597**	(3,539)	N/A
Profit/(loss) attributable to owners of the Company	**3,771**	(39,917)	N/A
Earnings/(loss) per share	**HK0.43 cents**	HK(7.12) cents	N/A

* *For identification purposes only*

The board of directors (the "**Board**") of New Times Energy Corporation Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2013, together with the comparative figures for the year 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Turnover	4&5	**322,855**	129,007
Cost of sales		**(320,258)**	(132,546)
Gross profit/(loss)		**2,597**	(3,539)
Other revenue	6(a)	**9,711**	1,516
Other net income	6(b)	**28,516**	4,761
Gain on bargain purchase		**25,188**	–
Gain on disposal of property, plant and equipment		**2,728**	3,143
Gain on disposal of intangible assets		**16,780**	6,330
Reversal of impairment loss/(impairment loss) on convertible notes receivables		**15,456**	(15,467)
Gain on termination of sub-contracting agreement		**–**	29,034
Gain on disposal of subsidiaries		**18**	10,451
Selling and distribution costs		**(360)**	–
Administrative expenses		**(109,331)**	(72,249)
Other operating expenses		**(5,554)**	(17,551)
Loss from operations		**(14,251)**	(53,571)
Finance costs	7(a)	**(16,940)**	(5,067)
Share of losses of joint ventures		**(232)**	(1,504)
Share of losses of associates		**–**	–
Loss before taxation	7	**(31,423)**	(60,142)
Income tax	8	**(400)**	448
Loss for the year		**(31,823)**	(59,694)
Profit/(loss) for the year attributable to:			
Owners of the Company		**3,771**	(39,917)
Non-controlling interests		**(35,594)**	(19,777)
		(31,823)	(59,694)
Earnings/(loss) per share	10		
Basic		**HK0.43 cents**	HK(7.12) cents
Diluted		**HK0.43 cents**	HK(7.12) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(31,823)**	(59,694)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas and PRC subsidiaries:		
Exchange differences arising during the year	**(94,070)**	(45,272)
Reclassification adjustments relating to PRC subsidiaries disposed of during the year	**–**	(2,035)
Available-for-sale investments:		
Net gain arising on revaluation of available-for-sale investments during the year	**8,680**	245
Other comprehensive loss for the year, net of tax	**(85,390)**	(47,062)
Total comprehensive loss for the year, net of tax	**(117,213)**	(106,756)
Attributable to:		
Owners of the Company	**(95,475)**	(88,809)
Non-controlling interests	**(21,738)**	(17,947)
Total comprehensive loss for the year	**(117,213)**	(106,756)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Exploration and evaluation assets	11	**3,523,992**	3,593,059
Property, plant and equipment		**44,246**	13,501
Lease prepayments		**3,384**	–
Intangible assets		**222,692**	4,746
Goodwill		**33,620**	–
Interests in associates		**15,225**	–
Interests in joint ventures		**2,681**	2,836
Deposit paid for a sub-contracting contract		**–**	–
Deposits paid for potential investments		**89,652**	61,992
Convertible notes receivables		**53,922**	8,759
Available-for-sale investments		**105,988**	40,104
Prepayments, deposits and other receivables	12	**114,597**	60,665
		4,209,999	3,785,662
CURRENT ASSETS			
Inventories		**2,517**	4,037
Lease prepayments		**146**	–
Trade and other receivables	12	**92,678**	71,196
Pledged bank deposits		**19,031**	–
Cash and cash equivalents		**87,104**	36,050
Tax recoverable		**483**	–
		201,959	111,283
Assets held for sale		**–**	2,325
		201,959	113,608
CURRENT LIABILITIES			
Trade and other payables	13	**57,441**	19,354
Bank and other borrowings		**175,731**	40,959
Promissory notes payables		**47,697**	–
Convertible notes payables		**16,718**	–
Obligations under finance leases		**79**	74
Current taxation		**358**	500
		(298,024)	(60,887)
Liabilities held for sale		**–**	(1,296)
		(298,024)	(62,183)
NET CURRENT (LIABILITIES)/ASSETS		**(96,065)**	51,425

	Note	2013 HK$'000	2012 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,113,934**	3,837,087
NON-CURRENT LIABILITIES			
Provisions		**3,373**	4,670
Bank and other borrowings		**15,286**	30,135
Promissory notes payables		**–**	5,003
Convertible notes payables		**79,767**	–
Obligation under finance lease		**261**	340
Deferred tax liabilities		**64,348**	734
		(163,035)	(40,882)
NET ASSETS		**3,950,899**	3,796,205
EQUITY			
Equity attributable to owners of the Company			
Share capital		**584,999**	338,208
Share premium and reserves		**3,400,747**	3,501,139
		3,985,746	3,839,347
NON-CONTROLLING INTERESTS		**(34,847)**	(43,142)
TOTAL EQUITY		**3,950,899**	3,796,205

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("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 (the "Listing Rules").

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 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

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 (the "functional currency"). 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 HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Annual Improvements to HKFRSs 2009–2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening statement of financial position. The amendments also remove the requirement to present related notes to the opening statement of financial position when such statement is presented.

Amendments to HKAS 1, Presentation of Items of Other Comprehensive Income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

Amendments to HKFRS 7, Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and Separate Financial Statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation* — Special Purpose Entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11, Joint Arrangements

HKFRS 11, which replaces HKAS 31, Interests in Joint Ventures , divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes to the financial statements.

HKFRS 13, Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

HKAS 19, Employee Benefits (as revised in 2011)

HKAS 19 (as revised in 2011) introduces a number of amendments to the accounting for defined benefit plans. Among them, revised HKAS 19 eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised HKAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not. The application of this revised standard does not have any material impact on the financial position and the financial results of the Group because the Group has no defined benefit plans.

HK (IFRIC)-Int 20, Stripping Costs in the Production Phase of a Surface Mine

HK (IFRIC) Int-20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with HKAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part. The adoption of HK (IFRIC)-Int 20 does not have any material impact on the financial position and the financial results of the Group as the Group does not engage in such activities.

4. TURNOVER

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

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:

	2013	2012
	HK$'000	*HK$'000*
Sale of oil products	**318,410**	121,406
Sale of non-ferrous metals	**–**	2,686
Sale of oil products under oil exploration and production	**3,360**	4,915
Sale of natural gas	**1,085**	–
	322,855	129,007

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, i.e. the board of directors of the Company, for the purposes of resource allocation and performance assessment, the Group has presented 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 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 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.
Distribution of natural gas	This segment is engaged in the sales of natural gas and the transmission of natural gas in PRC.

(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 joint ventures, interests in associates, unallocated convertible notes receivables, deposits paid for potential investments, available-for-sale investments and other corporate assets. Segment liabilities include provisions, trade and other payables, current taxation and deferred tax liabilities attributable to the activities of the individual segments and bank and other borrowings managed directly by the segments.

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 profit/(loss) represents the profit earned/loss resulted by each segment without allocation of central administration costs including directors' emoluments, share of loss of joint ventures, share of losses of associates, unallocated interest income, unallocated interest expenses, impairment loss on available-for-sale investments, fair value gain/(loss) on derivative financial instruments, unallocated operating income and income tax expenses. This is the measure reported to the board of directors for the purpose of resources allocation and assessment of segment performance.

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 Group's board of directors for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below:

	General trading		Exploration of natural resources		Oil exploration and production		Distribution of natural gas		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue *(note)*	**318,410**	124,092	**–**	–	**3,360**	4,915	**1,085**	–	**322,855**	129,007
Reportable segment profit/(loss)	**765**	34,476	**10,339**	(18,154)	**50,379**	(31,687)	**(17,304)**	–	**44,179**	(15,365)
Depreciation and amortisation	**4**	511	**205**	200	**161**	3,496	**2,203**	–	**2,573**	4,207
Interest income	**4**	4	**–**	1	**3,801**	193	**620**	–	**4,425**	198
Interest expenses	**790**	2,271	**–**	–	**70**	203	**708**	–	**1,568**	2,474
Income tax credit	**–**	–	**–**	282	**–**	–	**–**	–	**–**	282
Impairment loss of										
— property, plant and equipment	**–**	–	**–**	–	**–**	1,094	**18**	–	**18**	1,094
— assets held for sale	**–**	–	**–**	–	**–**	12,194	**–**	–	**–**	12,194
— trade and other receivable	**–**	–	**31**	–	**–**	–	**2,559**	–	**2,590**	–
Reportable segment assets	**6,096**	4,954	**3,582,000**	3,664,213	**221,527**	24,188	**265,181**	–	**4,074,804**	3,693,355
Additions to non-current segment assets during the year	**–**	–	**2,808**	4,871	**157,602**	19,811	**103,223**	–	**263,633**	24,682
Reportable segment liabilities	**(358)**	(576)	**(7,208)**	(8,721)	**(58,049)**	(13,473)	**(96,317)**	–	**(161,932)**	(22,770)

Note: Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year. (2012: HK$Nil).

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

	Year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**322,855**	129,007
Unallocated revenue	**–**	–
Consolidated turnover	**322,855**	129,007
Profit/(Loss)		
Reportable segment profit/(loss)	**44,179**	(15,365)
Depreciation and amortisation	**(32)**	(474)
Unallocated interest income	**1,315**	314
Unallocated interest expenses	**(15,372)**	(2,593)
Impairment loss on available-for-sale investments	**(2,646)**	(1,579)
Deemed loss on dilution of interests on available-for-sale investments	**(25)**	(252)
Unallocated operating income	**3,500**	3,199
Unallocated operating expenses	**(58,344)**	(41,857)
Share of post-tax loss of joint ventures	**(232)**	(1,504)
Share of post-tax loss of associates	**–**	–
Net fair value loss on derivative financial instruments	**(3,766)**	(31)
Consolidated loss before taxation	**(31,423)**	(60,142)
Assets		
Reportable segment assets	**4,074,804**	3,693,355
Interests in joint ventures	**2,681**	2,836
Interests in associates	**15,225**	–
Convertible notes receivables	**5,548**	8,759
Deposits paid for potential investments	**89,652**	61,992
Available-for-sale investments	**105,988**	40,104
Unallocated corporate assets		
— Cash and cash equivalents	**78,175**	33,599
— Other receivables	**39,841**	58,202
— Others	**44**	423
Consolidated total assets	**4,411,958**	3,899,270
Liabilities		
Reportable segment liabilities	**(161,932)**	(22,770)
Convertible notes payables	**(96,485)**	–
Promissory notes payables	**(47,697)**	(5,003)
Obligation under finance lease	**(340)**	(414)
Unallocated corporate liabilities		
— Other borrowing	**(144,146)**	(68,543)
— Current taxation	**–**	(48)
— Others	**(10,459)**	(6,287)
Consolidated total liabilities	**(461,059)**	(103,065)

(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 notes receivables 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 lease prepayments, 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, goodwill and prepayments and deposits. In the case of interests in joint ventures and associates, it is based on the location of the operation of such joint ventures and associates.

	Revenue from external customers		**Specified non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**448**	424
PRC	**319,495**	124,092	**215,700**	26,992
Argentina	**–**	–	**3,660,587**	3,689,300
United States	**3,360**	4,915	**170,751**	17,247
Australia	**–**	–	**2,603**	2,836
	322,855	129,007	**4,050,089**	3,736,799

(d) Information about major customers

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

	2013	2012
	HK$'000	HK$'000
Largest customer	**175,785**	121,407
Second largest customer	**142,625**	–

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

6. OTHER REVENUE AND NET INCOME

	2013	2012
	HK$'000	*HK$'000*
(a) Other revenue		
Bank interest income	**626**	42
Other interest income	**723**	180
Effective interest income on convertible notes receivables	**4,391**	290
Total interest income on financial assets not at fair value through profit or loss	**5,740**	512
Dividend income	**3,500**	–
Sundry income	**471**	1,004
	9,711	1,516
(b) Other net income/(loss)		
Net loss on sale of crude oil under trial production	**(146)**	(7)
Net fair value gain/(loss) on derivative financial instruments	**1,234**	(31)
Net gain on disposal of scrap equipments	**99**	–
Exchange gain	**27,329**	–
Reversal of impairment loss on prepayment	**–**	3,199
Reversal of impairment loss on other receivables	**–**	1,600
	28,516	4,761

7. LOSS BEFORE TAXATION

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

	2013	2012
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank and other borrowings wholly repayable within five years	**4,621**	5,062
Finance charge on obligations under finance lease	**25**	2
Effective interest expenses on convertible notes payables	**8,027**	3
Effective interest expenses on promissory notes payables	**4,267**	–
Total interest expenses on financial liabilities not at fair value through profit or loss	**16,940**	5,067
(b) Staff costs (including directors' emoluments)		
Salaries, wages and benefits in kind	**22,356**	15,201
Contributions to defined contribution retirement plans	**1,749**	1,353
Equity-settled share-based payment expenses	**3,809**	834
	27,914	17,388
(c) Other items		
Auditor's remuneration	**2,075**	1,875
Amortisation of intangible assets	**941**	2,464
Amortisation of lease prepayments	**146**	–
Consultancy fees *(note (ii))*	**20,628**	8,239
Cost of inventories *(note (i))*	**320,258**	132,546
Depreciation for property, plant and equipment	**1,518**	2,217
Impairment loss on trade and other receivables	**2,590**	–
Impairment loss on property, plant and equipment	**18**	1,094
Impairment loss on assets held for sale	**–**	12,194
(Reversal of impairment loss)/impairment loss on convertible notes receivables	**(15,456)**	15,467
Impairment loss on available-for-sale investments	**2,671**	1,831
Loss on disposal of property, plant and equipment	**–**	2,429
Minimum lease payments under operating leases on leasehold land and buildings	**2,996**	1,810
Net foreign exchange (gain)/loss	**(27,329)**	862

Notes:

(i) Cost of inventories includes HK$430,000 (2012: HK$637,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

(ii) Consultancy fees include HK$6,788,000 (2012: HK$2,668,000) equity-settled share-based payment expenses on options granted to the consultants during the year.

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2013	2012
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**391**	42
PRC Enterprise Income Tax ("EIT")	**–**	–
	391	42
Under/(over)provision in respect of prior years		
Hong Kong Profits Tax	**–**	(208)
PRC EIT	**(3)**	–
United States Federal Tax	**12**	–
	9	(208)
Deferred tax		
Argentina Corporate Income Tax	**–**	(282)
Total	**400**	(448)

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 (2012: HK$Nil).

Provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year, taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2012–13 subject to a ceiling of HK$10,000 allowed by the Hong Kong SAR Government for each business.

Subsidiaries of the Group in PRC are subject to PRC Enterprise Income tax at 25% (2012: 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$1,080,000 (2012: US$1,030,000). The subsidiaries are not subject to 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 2013 (2012: Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of HK$3,771,000 (2012: loss of HK$39,917,000) and the weighted average number of 879,771,000 ordinary shares (2012: 560,497,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**879,771**	560,497

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share for the current year is based on the profit attributable to owners of the Company of HK$3,771,000 and the weighted average number of ordinary shares of 880,955,000 ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**879,771**	560,497
Effect of exercise of warrants	**1,184**	–
Weighted average number of ordinary shares (diluted) at 31 December	**880,955**	560,497

For the year ended 31 December 2012, diluted loss per share was the same as the basic loss per share as the potential ordinary shares outstanding during the year had an anti-dilutive effect on the basic loss per share.

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

Diluted earnings/(loss) per share for both years do not include the effect of the convertible notes since their assumed exercise would result in an increase in earnings per share (2012: 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*	*HK$'000*	*HK$'000*
Cost						
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)
Effect of foreign currency exchange differences	(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
At 1 January 2013	3,235,986	67,898	275,219	–	43,064	3,622,167
Additions	1,281	360	847	–	–	2,488
Effect of foreign currency exchange differences	(3,848)	(11,329)	(60,498)	–	(3,040)	(78,715)
At 31 December 2013	3,233,419	56,929	215,568	–	40,024	3,545,940
Accumulated impairment						
At 1 January 2012	–	34,550	–	–	–	34,550
Effect of foreign currency exchange differences	–	(5,442)	–	–	–	(5,442)
At 31 December 2012	–	29,108	–	–	–	29,108
At 1 January 2013	–	29,108	–	–	–	29,108
Effect of foreign currency exchange differences	–	(7,160)	–	–	–	(7,160)
At 31 December 2013	–	21,948	–	–	–	21,948
Carrying amount						
At 31 December 2013	3,233,419	34,981	215,568	–	40,024	3,523,992
At 31 December 2012	3,235,986	38,790	275,219	–	43,064	3,593,059

12. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables *(notes (a))*	**506**	–
Less: Allowance for doubtful debts	**–**	–
	506	–
Other receivables	**30,414**	22,387
Less: Allowable for doubtful debts	**(2,640)**	–
	27,774	22,387
Loan receivables	**6,453**	–
Amount due from associates	**6,316**	5,697
Amount due from joint ventures	**2**	–
Amount due from a related company	**6,852**	96
Amount due from a director	**–**	108
Amount due from non-controlling shareholders	**19,162**	21,012
Amount due from an operator	**–**	1,565
Loans and receivables	**67,065**	50,865
VAT recoverable	**46,410**	60,665
Other tax recoverable	**4,766**	6,585
Prepayment and deposits	**89,034**	13,746
	207,275	131,861
Analysed as:		
Non-current	**114,597**	60,665
Current	**92,678**	71,196
	207,275	131,861

Note:

(a) Age analysis

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximates the respective revenue recognition dates.

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**506**	–
31 – 90 days	**–**	–
Over 90 days	**–**	–
	506	–

Trade receivables are due within 30 days (2012: 30 days) from the date of billing.

13. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**6,418**	–
Other payables and accruals	**50,354**	19,354
Amount due to a joint venture	**35**	–
Amount due to a director	**634**	–
Financial liabilities measured at amortised cost	**57,441**	19,354

All of the trade and other payables (including amount due to a director and amount due to a joint venture) 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.

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**6,418**	–
31 – 60 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**–**	–
	6,418	–

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL REVIEW

The Group has made a remarkable turnaround with its business in 2013. This has been achieved by consolidating our operations in the Uinta basin in the state of Utah, US and in the Noroeste basin, northern Argentina and realigning our investment portfolios. The Group's strategy to capture undervalued yet high-potential oil and gas assets has begun to pay off. As at 31 December 2013, the Group has net 269.69 MMBOE of prospective resources and net 1.87 MMBOE of 2P reserves. The Group's asset base poses promising commercial development potential with production level poise to increase starting 2014.

Consolidated turnover of the Group for the year ended 31 December 2013 was HK$322.86 million (31 December 2012: HK$129.01 million), representing an increase of 150.3%. The Group had a positive change on financial performance and recorded a profit attributable to owners of HK$3.77 million (31 December 2012: loss attributable to shareholders of HK$39.92 million). Gain on bargain purchase from the acquisition of Golden Giants Limited was resulted as the major cause of the profit for the year.

Administrative expenses of the Group for the year amounted to approximately HK$109.33 million (31 December 2012: HK$72.25 million), representing an increase of approximately HK$37.08 million from the previous year. Staff costs, legal and professional expenses and consultancy fees continue acting as the key components of administrative expenses of the Group as the Group prepares to expand its production and operation level.

Earnings per share for the year was HK0.43 cents (31 December 2012: loss per share of HK7.12 cents). Despite a profit attributable to owners was recorded for the year, after considering the cash flow and conservative financial management, the Board recommends no final dividend for this financial year (31 December 2012: Nil).

REVIEW OF BUSINESS OPERATIONS

Oilfield Exploration and Exploitation Business in Argentina

Tartagal Oriental and Morillo

In 2009, the Group acquired certain interests in two concessions, the Tartagal Oriental concession and the Morillo concession (collectively the "**Concessions**"), in Argentina. The Concessions relate to the 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 km^2 and 3,518 km^2 respectively. It is one of the largest oil exploration land parcels open for tender in Argentina.

During the year, the Group completed the acquisition of an additional 9.25% interest in the Concessions in April 2013, increasing its overall interest from 60% to 69.25%. Prospective resources grew by 35.18 MMBOE as a result of the increase in stake of the Concessions. The Group is responsible for carrying out the duties in regard to all legal acts, contracts, and operations of the exploration works in the Concessions.

The CAx-1002 and CA x-1 wells were determined uneconomic for production, thus resulting in shutting in of these two wells. As a result, the trial production was discontinued during the year.

In 2013, the Group completed interpretation of 260 km^2 3D seismic survey shot in the southern part of the Morillo block. The Morillo block is adjacent to the Chirete block, which is owned by Brazil's largest oil company, Petrobras. In 2011, Petrobras drilled a well near the Morillo block boundary. Although the well had mechanical problems and was not fully tested, the results from this well are very encouraging as oil flows were reported. With interpretation of the new 3D seismic enabling further understanding of the geological potential of the reservoirs in this area, the Group has identified several prospective drilling locations in the Morillo block. The Group plans to drill two exploration wells in this area in 2014 to determine if oil is present in the same and similar structures on the Morillo side of the block boundary.

The Group also carried out an extensive geochemical survey over areas of interest in both the Tartagal Oriental and Morillo blocks. Results from the survey are being used to enhance the seismic interpretation and fine tune the prospect generation process.

Upon completion of the seismic interpretation program, the Group engaged Netherland, Sewell & Associates, Inc. ("**NSAI**"), an international independent qualified technical advisor, to update the technical report, completed on 25 March 2014, for these areas. According to the updated technical report, the estimated total undiscovered original hydrocarbons-in-place and unrisked gross (100 percent) prospective resources in the Tartagal Oriental and Morillo block has been increased from 380.28 MMBOE to 389.45 MMBOE.

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

Prospect[(1)]	**Oil**						**Gas**					
	Low Estimate		**Best Estimate**		**High Estimate**		**Low Estimate**		**Best Estimate**		**High Estimate**	
	(New)[(4)]	(Last)[(3)]	**(New)**[(4)]	(Last)[(3)]	**(New)**[(4)]	(Last)[(3)]	**(New)**[(4)]	(Last)[(3)]	**(New)**[(4)]	(Last)[(3)]	**(New)**[(4)]	(Last)[(3)]
			(MMBBL)						(BCF)			
EM Deep 1	**1.5**	1.5	**4.3**	4.3	**12.7**	12.7	**75.1**	75.1	**213.7**	213.7	**632.1**	632.1
EM Deep 2	**4.1**	4.1	**15.2**	15.2	**59.4**	59.4	**204.3**	204.3	**770.1**	770.1	**2,990.7**	2,990.7
EM Deep 3	**1.1**	1.1	**3.3**	3.3	**10.3**	10.3	**55.8**	55.8	**167.2**	167.2	**520.5**	520.5
EM Deep 4	**2.3**	2.3	**5.7**	5.7	**14.0**	14.0	**115.0**	115.0	**285.8**	285.8	**696.6**	696.6
PET North	**0.1**	0.1	**0.3**	0.3	**0.8**	0.8	**5.2**	5.2	**14.8**	14.8	**41.8**	41.8
Morillo Deep	**0.3**	0.3	**0.9**	0.9	**2.4**	2.4	**16.7**	16.7	**44.5**	44.5	**119.3**	119.3
ZH South	**27.5**	27.5	**56.6**	56.6	**110.6**	110.6	**23.5**	23.5	**47.8**	47.8	**96.7**	96.7
Tordillo Updip	**5.4**	5.4	**10.8**	10.8	**21.9**	21.9	**4.5**	4.5	**9.3**	9.3	**19.3**	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**	1.3	**3.3**	3.3	**8.2**	8.2	**1.1**	1.1	**2.8**	2.8	**7.1**	7.1
Los Blancos North	**2.3**	2.3	**4.7**	4.7	**9.7**	9.7	**1.9**	1.9	**4.0**	4.0	**8.6**	8.6
Buried Hill 1	**0.6**	–	**1.6**	–	**3.2**	–	**0.5**	–	**1.4**	–	**2.8**	–
Buried Hill 2	**1.0**	–	**2.1**	–	**3.9**	–	**0.8**	–	**1.8**	–	**3.4**	–
Buried Hill 3	**1.3**	–	**3.0**	–	**5.6**	–	**1.1**	–	**2.6**	–	**4.9**	–
Yacoraite Onlap 1A	**1.7**	–	**5.6**	–	**18.6**	–	**1.4**	–	**4.8**	–	**16.2**	–
Yacoraite Onlap 1B	**1.6**	–	**4.9**	–	**15.0**	–	**1.3**	–	**4.2**	–	**13.4**	–
Yacoraite Onlap 1C	**0.8**	–	**4.1**	–	**20.8**	–	**0.7**	–	**3.5**	–	**17.9**	–
Total[(2)]	**52.9**	51.1	**126.5**	118.4	**316.9**	283.4	**508.9**	507.5	**1,578.1**	1,571.3	**5,191.3**	5,162.2

Notes:

(1) The estimates in the technical report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers. PRMS defines a prospect as a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target. The chance of geologic success for the sixteen (2012: twelve) identified prospects ranges from 1 to 21 percent (Last Report: 1 to 16 percent), which equals a 79 to 99 percent (Last Report: 84 to 99 percent) chance of failure and therefore represents moderate risk to very high risk exploration.

(2) Total are the arithmetic sum of multiple probability distributions and may not add because of rounding.

(3) The technical report was prepared by NSAI as of 31 October 2012.

(4) The technical report was updated by NSAI as of 28 February 2014.

(5) The prospective resources shown above have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. Unrisked prospective resources are estimated ranges of recoverable oil and gas volumes assuming their discovery and development and are based on estimated ranges of undiscovered in-place volumes. Geologic risking of prospective resources addresses the probability of success for the discovery of a significant quantity of potentially moveable petroleum; this risk analysis is conducted independent of estimations of petroleum volumes and without regard to the chance of development. Principal geologic risk elements of the petroleum system including (1) trap and seal characteristics; (2) reservoir presence and quality; (3) source rock capacity, quality, and maturity; and (4) timing, migration, and preservation of petroleum in relation to trap and seal formation. Risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators and is subject to revision with further data acquisition or interpretation. There was no material change on the assumptions adopted in the updated report in compare with the previous report.

(6) Seismic data available for use in the latest study of the Tartagal and Morillo license areas includes 749 km^2 of 3D seismic data and a total of 253 2D seismic lines totaling approximately 8,187 line kilometers.

The following table sets out the best estimates of the Group's net interest in prospective resources in the Tartagal Oriental and Morillo areas:

	Oil (in MMBBL)	**Gas** (in BCF)
Prospective resources		
As at 1 January 2013	71.04	942.78
Acquisition	10.95	145.35
As at 31 December 2013	81.99	1,088.13
Technical adjustments	5.61	4.70
As at 28 February 2014 (per updated report)	87.60	1,092.83

Development and production activities will commence if and when exploration data from the Concessions areas suggest there are commercially viable reserves. The following table summarizes the major exploration activities throughout the year:

	Tartagal Oriental area	Morillo area
Exploration activities:	— Geochemical survey	— 260 km^2 3D seismic interpretation — Geochemical survey

During the year, the Group made the following expenditures in relation to its exploration works performed in the Tartagal and Morillo areas:

Nature of expenditure	**Amount** *HK$'000*
Exploration rights	1,281
Geological and geochemical studies	847
Seismic interpretation	4,506
Remediation	762
Others	360
Total	7,756

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

The Uinta basin is a structural basin located in eastern Utah, east of the Wasatch Mountains and south of the Uinta Mountains, where commercial oil and gas production is available. Currently, the Group has the following investments in the Uinta basin, state of Utah, the US:

Natural Buttes project

During the year, Natural Buttes project commenced production with an average daily output of 10 barrels for the year. The Group generated a revenue of HK$2.34 million (31 December 2012: HK$nil) from the sale of crude oil of around 3.6 MBBL at an average price of US$84.97 per barrel. The Group believes, by devoting further capital expenditure to workover these wells, the aggregate production volume from these wells could increase, which may reach approximately 40 to 50 BOPD.

Altamont-Bluebell project

In March 2013, the Group completed the acquisition of Golden Giants Limited, and in turn holds (i) 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 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. From this acquisition, the Group recognized a gain on bargain purchase of HK$25.19 million.

During the year, the Group reworked several wells acquired with aims to ramp up production in 2014.

The following table sets out the estimates of the Group's net interest reserves (2P) in the Utah projects:

	Natural Buttes project[1] (in MBBL)	**Altamont-Bluebell project**[2] (in BCF)
2P reserves		
As at 1 January 2013	275	–
Acquisition	–	1,599
Production	(2)	–
As at 31 December 2013	273	1,599

Notes:

(1) The technical report was updated by Chapman Petroleum Engineering Limited ("**Chapman**"), an independent qualified technical adviser, as of 31 December 2013. The report had indicated that a net present value ("**NPV**") analysis had been conducted by them for the purpose of determining the fair value of the Natural Buttes field as of 31 December 2013. The interest of NPV value (PV10) of Natural Buttes field (after income tax) entitled to the Group is amounted US$4.87 million (equivalent to HK$37.76 million). As at 31 December 2013, the carrying amount of the oil and gas properties of the Group in Natural Buttes field is approximately HK$10.15 million.

(2) The technical report was prepared by Chapman as of 30 September 2012. The report had indicated that NPV analysis had been conducted by them for the purpose of determining the fair value of the Altamont-Bluebell field as of 30 September 2012. The interest of NPV value (PV10) of Altamont-Bluebell field (after income tax) entitled to the Group is amounted US$42.45 million (equivalent to HK$329.15 million). As at 31 December 2013, no material change have occurred in our oil and gas reserves since the effective date of the Chapman report mentioned above. As at 31 December 2013, the carrying amount of the oil and gas properties of the Group in Altamont-Bludbell field is approximately HK$156.96 million.

The following table summarized the major development and production activities during the year:

	Natural Buttes project	**Altamont-Bluebell project**
Development activities:	— Nil	— Installed pressure gauge on all the wells and enacted a regular monitoring schedule — Rework several wells
Production activities:	— Rework several oil wells and achieved an average daily net production of 10 barrels	— Nil

During the year, the Group made the following expenditures in relation to its acquisition, development and production activities performed in Utah, US:

Nature of expenditure	Natural Buttes project	Altamont-Bluebell project	Total
	HK$'000	*HK$'000*	*HK$'000*
Acquisition costs	–	52,342	52,342
Development costs	–	620	620
Production costs	2,856	184	3,040
	2,856	53,146	56,002

Grey Hawk Investment

Grey Hawk Exploration Inc. ("**Grey Hawk**") is a company incorporated under the laws of the province of British Columbia and is engaged in the acquisition, exploration and development of oil and gas properties located in the US.

During the year, the Group converted convertible notes of Grey Hawk with a principal amount of US$700,000.00 at US$0.15 per Grey Hawk share. As such, the Group's interest in Grey Hawk increased from 44.74% to 55.63%. The Group plays a role as a pure investor of Grey Hawk and does not involve in any of Grey Hawk's operations. The sole purpose for the Group in this investment is to seek capital appreciation from the successful development of Grey Hawk. As such, the Group classified its Grey Hawk investment as "Available-for-sale investments" and accounted for at cost less impairment losses. As at 31 December 2013, the carrying value of Grey Hawk investment was HK$5.11 million (31 December 2012: HK$2.36 million). The Group believes that further investment in Grey Hawk could maximize returns to its shareholders.

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

In 2013, the Group restructured its investment in the US through a number of acquisitions and disposals of oil and gas assets in east Texas and Louisiana. In June 2013, the Group disposed all oil and gas properties located in Louisiana, US to BCM Energy Partners, Inc. ("**BCM**") in exchange for US$5.20 million (equivalent to HK$40.32 million) convertible notes. Through the disposal of assets in Texas and Louisiana, the Group recorded a gain of HK$19.51 million for the year.

Downstream Natural Gas Business

The Group acquired 100% interest in Guizhou Kunyu Trading Company Limited and Guizhou Shunyao Energy Investment Company Limited in 2013, therefore further strengthening the role of the Company as an integrated natural gas provider and distributor with focus in liquefied natural gas ("**LNG**")/compressed natural gas ("**CNG**") stations and gas provision to industrial park and residential community projects. The Group currently owns two operating gas stations in Liupanshui city and Liuzhi special district in Guizhou province and has established a joint venture entity ("**JV**") with a subsidiary of China National Petroleum Corporation ("**CNPC**") to further develop its integrated natural gas utilization projects. CNPC will bring in advanced technology as well as management expertise to the JV by tapping into its resourceful network in the natural gas market.

In order to streamline the Group's corporate structure and cement its upstream asset base, the Group will continue talks with the China Print Power Group Limited (stock code: 06828) regarding the disposal of the entire downstream natural gas business of the Group. As the long stop date expired on 31 December 2013, on 30 December 2013, the Group and China Print Power Group Limited agreed to extend the long stop date to 30 September 2014 to give both parties sufficient time to negotiate a final agreement.

Trading Business

In 2013, the Group continued to operate its resources-related trading business. During the year, the Group recorded sales of approximately HK$318.41 million (31 December 2012: HK$124.09 million), with a gross profit of approximately HK$5.86 million (31 December 2012: HK$2.13 million), representing an 156.6% increase in sales. The significant increase in sales was due to the growth in its existing trading business. The Group will direct more efforts to foster relations with both existing and potential partners and customers to diversify its revenue sources as well as to unlock growth potential of the business.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group funded its operations mainly by its internal resources together with borrowings for the year ended 31 December 2013.

As at 31 December 2013, the Group's total cash and bank balances were approximately HK$106.14 million (including pledged bank deposits of HK$19.03 million and cash and cash equivalents of HK$87.11 million) (31 December 2012: HK$36.05 million), representing an increase of HK$70.09 million compared with 2012. The year increase was primarily due to the share subscription completed in December 2013 and increased in borrowings for the year.

As at 31 December 2013, the total equity of the Group was HK$3,950.90 million (31 December 2012: HK$3,796.21 million) and the net asset value per share was HK$3.38 (31 December 2012: HK$5.61). The debt ratio, calculated by total liabilities divided by total assets, was 10.45% as at 31 December 2013 (31 December 2012: 2.64%).

As at 31 December 2013, the total asset value and net current liabilities of the Group were approximately HK$4,411.96 million (31 December 2012: HK$3,899.27 million) and HK$96.07 million (31 December 2012: net current assets of HK$51.43 million) respectively.

Fund raising activities during the year

On 14 January 2013, the Company completed a placement and issued 35,000,000 new ordinary shares of HK$0.50 each (aggregate nominal value of HK$17.50 million) to independent third parties at the price of HK$0.91 per share pursuant to the placing agreement dated 20 December 2012. The closing market price on the date of issue was at HK$0.94 per share. Net proceeds of approximately HK$30.48 million (equivalent to approximately HK$0.87 per share) were received and used for as general working capital and investment opportunities identified by the Group.

On 29 January 2013, the Company completed the second placement of the year and issued 22,000,000 new ordinary shares of HK$0.50 (aggregate nominal value of HK$11.00 million) each to independent third parties at the price of HK$0.91 per share pursuant to the placing agreement dated 18 January 2013. The closing market price on the date of issue was at HK$0.98 per share. Net proceeds of approximately HK$19.14 million (equivalent to approximately HK$0.87 per share) were received and used for as general working capital and investment opportunities identified by the Group.

On 6 February 2013, the Company completed the third placement of the year and issued 14,000,000 new ordinary shares of HK$0.50 each (aggregate nominal value of HK$0.70 million) to independent third parties at the price of HK$0.91 per share pursuant to the placing agreement dated 25 January 2013. The closing market price on the date of issue was at HK$0.97 per share. Net proceeds of approximately HK$13.11 million (equivalent to HK$0.94 per share) were received and used for as general working capital and investment opportunities identified by the Group.

On 3 July 2013, the Company issued convertible bonds for an aggregate principal amount of HK$50.00 million at a conversion price of HK$0.79 in accordance with the placing agreement dated 7 June 2013. No convertible bonds are converted upon their issuance. Net proceeds of approximately HK$47.80 million are intended to be used for the purposes of enhancing the production of the wells situated in the United States.

On 5 July 2013, the Company issued (i) 34,370,000 new ordinary shares of HK$0.50 each (aggregate nominal value of HK$17.19 million) and (ii) 34,370,000 warrants at exercise price of HK$0.66 per warrant share to Asia Private Credit Fund Limited in accordance with the subscription agreement dated 19 June 2013. The closing market price on the date of issue was HK$0.65 per share. Net proceeds of approximately HK$19.90 million (equivalent to HK$0.58 per share) were received and used for as general working capital and for any possible acquisitions when opportunities arise. As at 31 December 2013, no warrant was exercised by the holder.

On 11 December 2013, the Company issued 90,163,934 new ordinary shares of HK$0.50 each (aggregate nominal value of HK$45.08 million) to Max Sun Enterprises Limited in accordance with the subscription agreement dated 2 October 2013. The closing market price on the date of issue was HK$0.63 per share. Net proceeds of approximately HK$54.50 million (equivalent to HK$0.60 per share) were received and used for as (i) approximately HK$16.00 million for the repayment of the borrowing from an independent third party to the Company which is unsecured and bears interest at the Hong Kong and Shanghai Banking Corporation Limited's prime rate per annum; and (ii) the remaining balance of approximately HK$38.50 million for future investment opportunities and general working capital of the Group.

BORROWINGS

As at 31 December 2013, the Group's borrowings amounted HK$191.02 million with the following maturities:

	31 December 2013 *HK$* *(in million)*	**As a percentage of total borrowings**	31 December 2012 *HK$* *(in million)*	As a percentage of total borrowings
Within one year	**175.96**	**92.1%**	40.96	57.6%
In the second year	**5.06**	**2.7%**	30.13	42.4%
In the third to fifth year	**–**	**0%**	–	0%
After fifth year	**10.00**	**5.2%**	–	0%
	191.02	**100%**	71.09	100%

As at 31 December 2013, loans of HK$17.60 million bore interests at floating rate, and the remaining loans of HK$173.42 million bore interests at fixed rate.

The Group's borrowings as at 31 December 2013 comprised:

(i) other borrowings totaling HK$129.80 million (31 December 2012: HK$30.14 million), of which:

a. HK$31.34 million (31 December 2012: HK$30.14 million), bearing interest at 4% per annum. On 21 February 2014, the Group re-negotiated with the lender for an extension of current loan facilities. The term was renewed and will mature at 31 December 2015 with the same interest rate;

b. HK$69.89 million (31 December 2012: HK$nil), bearing interest at 5% per annum;

c. HK$19.69 million (31 December 2012: HK$nil), denominated in Renminbi, bearing interest at 20% per annum;

d. HK$7.61 million (31 December 2012: HK$nil), denominated in Renminbi, bearing interest free;

e. HK$1.27 million (31 December 2012: HK$nil), denominated in Renminbi, bearing interest free;

(ii) borrowing from a related company totaling HK$15.32 million (31 December 2012: HK$10.28 million), of which:

(a) HK$10.26 million (31 December 2012: HK$10.28 million), bearing interest at 5% per annum. On 28 June 2013, the Group re-negotiated with the related company for an extension of current loan facilities. The term was renewed for one year to 12 July 2014 which interest will bear at 5.5% per annum;

(b) HK$5.06 million (31 December 2012: HK$nil), bearing interest at 6% per annum;

(iii) a loan from a non-controlling shareholder of HK$18.07 million (31 December 2012: HK$18.07 million) bearing interest free and of HK$nil (31 December 2012: HK$10.06 million) bearing interest at 4% per annum;

(iv) bank borrowing of HK$nil (31 December 2012: HK$2.55 million), denominated in United States dollar, bearing interest at 6% per annum;

(v) bank borrowing of HK$17.60 million (31 December 2012: HK$nil), bearing interest at Hong Kong Interbank Offered Rate (HIBOR) plus 1.9% and secured by a bank deposit; and

(vi) fixed rate bonds of HK$10.23 million (31 December 2012: HK$nil) bearing interest at 5% per annum.

GEARING RATIO

As at 31 December 2013, the gearing ratio, calculated on the basis of interest bearing borrowings divided by total equity, was 4.15% (31 December 2012: 1.87%).

CHARGE ON ASSETS

As at 31 December 2013, the following assets were charged:

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

(ii) bank deposit of HK$19.03 million (31 December 2012: HK$nil) was pledged to a bank to secure for revolving bank borrowing facilities.

CONTINGENT LIABILITY

As at 31 December 2013, the Group did not have any material contingent liabilities (31 December 2012: nil).

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 31 December 2013 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 and currency risks are set out in notes to the consolidated financial statements.

EMPLOYEES

As at 31 December 2013, the Group employed a total of 120 employees (31 December 2012: 62 employees) in Hong Kong, PRC, United States and Argentina. Total employee remuneration (including directors' emoluments and benefits) amounted to HK$27.91 million (for the year ended 31 December 2012: HK$17.39 million). The Group provides its employees with competitive remuneration packages which were determined by their personal performance, qualifications, experience, and relevant market conditions in the respective geographical locations and businesses in which the Group operates.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in notes to the consolidated financial statements, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 December 2013.

Subsequent to the year ended 31 December 2013, the Group completed the acquisition of 38.15% participating interest of Palmar Largo Block on 26 February 2014. Details of the acquisition are set out in note to the consolidated financial statements.

SIGNIFICANT INVESTMENTS

(i) NordAq Energy, Inc. ("NordAq")

NordAq is an independent oil and gas company based in Anchorage, Alaska and is engaged in the exploration and development of hydrocarbon reserves. Its portfolio includes prospects and resources in the Kenai Peninsula on the Cook Inlet and Smith Bay on the North Slope, covering approximately 560,000 net acres. As at 31 December 2012, the Group held approximately 7% interest in NordAq.

In December 2013, the Group increased its stake in NordAq by acquiring Big Trade Investments Limited from Max Sun Enterprises Limited, which in turn holds an additional 474,983 shares of NordAq (or 6.75% interest in NordAq). The acquisition was completed on 23 December 2013. As at 31 December 2013, the Group in aggregate holds 12.33% interest in NordAq. The investment was classified as "Available-for-sale investments" and was accounted for at its fair value. As at 31 December 2013, the carrying value of this investment was HK$100.88 million (2012: HK$37.75 million).

Looking forward, NordAq has implemented drilling plans for several locations in the state of Alaska. Appraisal campaigns shall commence during the winter of 2014 to 2015 and will be designed based on the data collected while drilling, logging and testing the initial exploration well.

(ii) BCM Energy Partners, Inc ("BCM")

BCM is a US-based oil and gas company and has been actively developing a network of field owners and managers throughout the Gulf Coast with a focus on identifying under-capitalized, "off-the-radar" opportunities. BCM has an effective management team that is well-connected within the Gulf Coast oil and gas industry with over 100 years of collective experience acquiring and exploiting oil and gas assets and is supported by an impressive roster of equity-incentivized advisors from the corporate finance and energy industries.

In 2013, BCM made 3 acquisitions in Welch, Caddo Parish and Corsicana, which contributed to an increase of approximately 1,000 MBBL in 2P reserves. In addition to BCM's three other oil properties in the states of Texas and Louisiana in the US, total 2P reserves for all six properties increased to approximately 1,601 MBBL, with an average production of 50 BOPD.

To further tap into BCM's regional expertise, the Group disposed its oil and gas properties in Louisiana to BCM for a consideration of US$5.20 million (equivalent to HK$40.32 million) satisfied by BCM's convertible bonds with conversion price at US$2.00 per conversion share. In addition, the Group subscribed approximately US$0.92 million (equivalent to HK$7.13 million) convertible bonds with conversion price at US$1.00 per conversion share, during the year.

As at 31 December 2013, the Group in aggregate holds US$6.98 million (equivalent to HK$54.14 million) BCM's convertible bonds, which represent a potential equity interest of approximately 35% of BCM's equity interest upon full conversion. On 19 February 2014, BCM received an approval letter for a reserves-based lending loan of US$31 million (equivalent to HK$240.37 million) from an investment fund, which further secures funding for its future developments. The proceeds from the loan will be used for future acquisitions and the development of its oil and gas assets.

The Group believes that, upon successful development of these companies, our investments can bring lucrative returns to our shareholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Group strives to attain and maintain high standards of corporate governance best suited to the needs of its businesses and the best interests of its stakeholders as the Board believes that effective corporate governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted and applied the principles of the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

In the opinion of the directors of the Company (the "**Directors**"), the Company was in compliance with the applicable code provisions in the CG Code for the year ended 31 December 2013 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for the following deviations:

Code Provision A.4.1

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. During the year, all Non-executive Directors and Independent Non-executive Directors 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.

Code Provision A.6.7

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings. During the year, certain Non-executive Director and Independent Non-executive Directors were unable to attend the general meetings of the Company as they were out of town or had other engagements.

Review of Annual Results

The annual results of the Group for the year ended 31 December 2013 have been reviewed by the Audit Committee of the Company.

Purchase, Sale and Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited.

Closure of Register of Members

The register of members will be closed on Friday, 27 June 2014, for the purpose of determining shareholders' entitlement to attend and vote at the annual general meeting, during which day no transfers of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 26 June 2014.

Publication of Annual Results and Annual Report

This annual results announcement is published on the websites of the Company (www.nt-energy.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2013 containing all the information required by the Listing Rules shall be despatched to the shareholders of the Company and made available on the abovementioned websites in due course.

GLOSSARY

"BCF"	Billion cubic feet
"BOPD"	Barrels of oil per day
"km^2"	Square kilometers
"MBBL"	Thousand barrels of oil
"MMBBL"	Million barrels of oil
"MMBOE"	Million barrels of oil equivalent
"2P reserves"	Proved reserves + probable reserves

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

Hong Kong, 31 March 2014

As at the date of this announcement, the Board comprises eight Directors, of whom three are Executive Directors, namely Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Ming Kit and Mr. Wong Tai Cheung, Andrew; one is a Non-executive Director, namely Mr. Heffner, Paul Lincoln; and four are Independent Non-executive Directors, namely Mr. Wong Man Kong, Peter, Mr. Chan Chi Yuen, Mr. Yung Chun Fai, Dickie and Mr. Chiu Wai On.