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 2016

FINANCIAL HIGHLIGHTS

	Financial Year 2016 *HK$'000*	Financial Year 2015 *HK$'000* (Restated)	**Change** *in %*
Revenue	**57,108**	66,725	-14.4
Gross profit	**8,419**	9,041	-6.9
Loss before taxation from continuing operations	**(229,615)**	(1,549,322)	-85.2
Loss attributable to owners of the Company	**(123,349)**	(1,666,254)	-92.6
Basic loss per share *(HK cent)*	**(3.17)**	(74.66)	-95.8

	As at 31 December 2016 *HK$'000*	As at 31 December 2015 *HK$'000*	**Change** *in %*
Total assets	**3,065,429**	2,740,697	11.8
Total equity	**2,651,265**	2,242,355	18.2
Debt ratio[(1)]	**13.51%**	18.18%	-4.7
Gearing ratio[(2)]	**12.51%**	18.73%	-6.2
Net asset value per share[(3)] *(HK$)*	**0.45**	0.90	-50.0

Remarks:

(1) Debt ratio: Total liabilities divided by total assets
(2) Gearing ratio: Interest bearing borrowings divided by total equity
(3) Net asset value per share: Net assets divided by number of issued shares

* *For identification purpose 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 2016, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Note	**2016** ***HK$'000***	2015 *HK$'000* (Restated – note 5)
Continuing operations:			
Revenue	*4*	**57,108**	66,725
Cost of sales		**(48,689)**	(57,684)
Gross profit		**8,419**	9,041
Other income		**(9,242)**	21,705
Administrative expenses		**(90,513)**	(79,280)
Assets impairment losses	*6*	**(105,442)**	(1,459,874)
Other net operating expenses		**–**	(1,689)
Loss from operations		**(196,778)**	(1,510,097)
Finance costs		**(26,557)**	(29,008)
Share of losses of joint ventures		**(6,280)**	(10,217)
Loss before taxation from continuing operations		**(229,615)**	(1,549,322)
Income tax	*7*	**6,021**	3,371
Loss from continuing operations		**(223,594)**	(1,545,951)
Discontinued operations:			
Profit/(loss) from discontinued operations, net of tax	*5(c)*	**98,573**	(141,583)
Loss for the year		**(125,021)**	(1,687,534)

	Note	2016 *HK$'000*	2015 *HK$'000* (Restated – note 5)
Attributable to:			
Owners of the Company:			
Loss for the year from continuing operations		**(223,209)**	(1,545,943)
Profit/(loss) for the year from discontinued operations	*5(c)*	**99,860**	(120,311)
Loss for the year attributable to owners of the Company		**(123,349)**	(1,666,254)
Non-controlling interests:			
Loss for the year from continuing operations		**(385)**	(8)
Loss for the year from discontinued operations	*5(c)*	**(1,287)**	(21,272)
Loss for the year attributable to non-controlling interests		**(1,672)**	(21,280)
Loss for the year		**(125,021)**	(1,687,534)
Loss per share	*8*		
Basic *(HK cent)*		**(3.17)**	(74.66)
Diluted *(HK cent)*		**(3.17)**	(74.66)
Loss per share – continuing operations	*8*		
Basic *(HK cent)*		**(5.74)**	(69.27)
Diluted *(HK cent)*		**(5.74)**	(69.27)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	2016	2015
	HK$'000	*HK$'000*
Loss for the year	**(125,021)**	(1,687,534)
Other comprehensive income for the year (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas and PRC subsidiaries	**(35,029)**	(106,409)
Available-for-sale investments: net movement in the fair value reserve	**8,393**	(7,897)
Other comprehensive income for the year	**(26,636)**	(114,306)
Total comprehensive income for the year	**(151,657)**	(1,801,840)
Attributable to:		
Owners of the Company	**(149,982)**	(1,780,539)
Non-controlling interests	**(1,675)**	(21,301)
Total comprehensive income for the year	**(151,657)**	(1,801,840)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016
(Expressed in Hong Kong dollars)

	Note	**2016** **HK$'000**	2015 HK$'000
Non-current assets			
Exploration and evaluation assets	*10*	**2,066,901**	2,159,006
Property, plant and equipment		**45,478**	27,508
Intangible assets		**21,776**	67,656
Goodwill		**270**	335
Interest in joint ventures		**28,675**	37,253
Promissory note receivable		**35,786**	–
Available-for-sale investments		**58,429**	26,933
Prepayments, deposits and other receivables	*11*	**18,684**	81,830
Deferred tax assets		**6,240**	3,626
Total non-current assets		**2,282,239**	2,404,147
Current assets			
Trading securities		**242,281**	96,538
Inventories		**17,515**	7,392
Trade and other receivables	*11*	**124,367**	69,909
Current tax recoverable		**394**	2,176
Cash and cash equivalents		**398,633**	29,582
Assets held for sale		**–**	130,953
Total current assets		**783,190**	336,550
Current liabilities			
Trade and other payables	*12*	**44,278**	58,748
Other borrowings		**37,605**	95,583
Promissory note payable		**–**	32,084
Total current liabilities		**81,883**	186,415
Net current assets		**701,307**	150,135
Total assets less current liabilities		**2,983,546**	2,554,282

	Note	**2016**	2015
		HK$'000	*HK$'000*
Non-current liabilities			
Other borrowings		**294,154**	292,362
Other non-current liabilities		**21,361**	–
Deferred tax liabilities		**–**	8,665
Provisions		**16,766**	10,900
Total non-current liabilities		**332,281**	311,927
NET ASSETS		**2,651,265**	2,242,355
CAPITAL AND RESERVES			
Share capital		**59,103**	24,970
Reserves		**2,640,834**	2,266,523
Total equity attributable to owners of the Company		**2,699,937**	2,291,493
Non-controlling interests		**(48,672)**	(49,138)
TOTAL EQUITY		**2,651,265**	2,242,355

Notes:

1. STATEMENT OF COMPLIANCE

This financial information has 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. This financial information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("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 and the Company. 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 this financial information.

2. BASIS OF PREPARATION

In determining the appropriate basis of preparation of the financial statements, the directors of the Company have reviewed the Group's cash flow projections prepared by management based on estimations of future revenue from sales of crude oil, future production costs, committed and planned capital expenditure and the availability of financing, which cover a period of twelve months from the reporting period end date. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and committed future capital expenditure within the next twelve months from the end of the current reporting period.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current and prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE

Continuing operations

The principal activities of the Group are mainly exploration, development, production and sale of natural resources.

Revenue represents the sales value of goods supplied to customers.

	2016	2015
	HK$'000	*HK$'000*
		(Restated – note 5)
Sale of oil products under oil exploration and production	**57,108**	66,725

5. DISCONTINUED OPERATIONS AND DISPOSAL GROUP/ASSETS HELD FOR SALE

(a) Shine Great Disposal

On 7 October 2014, Shine Great Investments Limited ("Shine Great"), an indirect wholly-owned subsidiary of the Company and Goldlink Capital Limited ("Goldlink"), a direct wholly-owned subsidiary of Blue Sky Power Holdings Limited (currently known as "Beijing Gas Blue Sky Holdings Limited") ("Blue Sky") entered into a subscription agreement pursuant to which a total of 1,453,790 subscription shares of Shine Great representing approximately 14.54% of the enlarged issued share capital of 10,000,000 shares shall be subscribed by Goldlink at a cash consideration of HK$37,800,000 ("Subscription").

On 7 October 2014, Total Belief Limited ("Total Belief"), a direct wholly-owned subsidiary of the Company and the parent company of Shine Great, and Goldlink entered into a sale and purchase agreement ("Shine Great Agreement") pursuant to which Goldlink conditionally agreed to acquire and Total Belief conditionally agreed to sell the entire equity interest in Shine Great ("Shine Great Disposal"). The Shine Great Disposal will be completed in two transactions as follows:

Transaction I: sale of 36.46% of 10,000,000 enlarged shares of Shine Great to Goldlink

Transaction II: sale of 49.00% of 10,000,000 enlarged shares of Shine Great to Goldlink

The consideration for Transaction I should be satisfied by a cash consideration of HK$17,000,000 and the issue of convertible notes by Blue Sky to Total Belief in the principal amount of HK$77,805,000 upon the fulfilment of certain conditions precedent.

The consideration for Transaction II should be satisfied by the issue of convertible notes by Blue Sky to Total Belief in the principal amount of HK$135,240,000 upon the fulfilment of certain conditions precedent. The principal amount of convertible notes in Transaction II would be adjusted in case of any shortfall between (i) revenue guarantee as defined in the Shine Great Agreement ("Revenue Guarantee") and the actual consolidated revenue of Shine Great for the year ended 31 December 2015 ("Actual Revenue"), and/or (ii) profit guarantee as defined in the Shine Great Agreement ("Profit Guarantee") and the actual consolidated profit of Shine Great for the year ended 31 December 2015 ("Actual Profit"). The principal amount of the convertible notes would be adjusted from HK$135,240,000 to HK$133,888,000 if the shortfall was within 20%. Otherwise, the principal amount of the convertible notes would be adjusted from HK$135,240,000 to HK$132,535,000.

On 22 December 2014, the Shine Great Disposal was approved by the shareholders of the Company.

The Subscription and Transaction I were completed on 24 February 2015. Upon completion of the Subscription, 1,453,790 subscription shares of Shine Great were subscribed by Goldlink at a consideration of HK$37,800,000, of which HK$35,880,000 was credited to non-controlling interests and the balance of HK$1,920,000 was credited to the accumulated losses account.

The Transaction II has been completed on 4 July 2016. Upon completion of the Transaction II, the Group ceased to hold any interest in the Shine Great Group. Since the Actual Revenue and Actual Profit of the Shine Great Group for the financial year ended 31 December 2015 cannot satisfy the Revenue Guarantee and Profit Guarantee respectively and resulted shortfall was over 20%, the consideration for Transaction II has been adjusted to HK$132,535,000 and convertible notes in principal amount of HK$132,535,000 has been issued by Blue Sky to Total Belief.

Shine Great and its subsidiaries ("Shine Great Group") carried out the Group's operation in distribution of natural gas business segment. Accordingly, the Shine Great Group has been presented as a discontinued operation in the consolidated statement of profit or loss for the year ended 31 December 2016 and 2015.

(b) US Business Disposal

On 30 December 2016, Total Belief and Foothills Exploration Operating, Inc. (“Foothills”) entered into a sale and purchase agreement (“US Agreement”), pursuant to which the Group sold the entire equity interest in Clear Elite Holdings Limited, Prominent Sino Holdings Limited and Value Train Investments Limited (“US Business Group”), which were wholly-owned subsidiaries of Total Belief, to Foothills (“US Business Disposal”).

The US Business Disposal was completed on 30 December 2016. The considerations for the US Business Disposal included:

i) cash consideration of US$750,000 (equivalent to approximately HK$5,816,000);

ii) 2,083,334 shares (“Common Stock”) issued by Foothills Exploration, Inc., (“Foothills Exploration”), the indirect holding company of Foothills;

iii) a non-interest bearing promissory note with a principal amount of US$6,000,000 (equivalent to approximately HK$46,560,000) (“Promissory Note”) issued by Foothills to the Group, which has a repayment term of 18 months.

The US Business Group carried out the Group’s operation in United States of America. Accordingly, the US Business Group has been presented as a discontinued operation in the consolidated statement of profit or loss for the year ended 31 December 2016. The comparative consolidated statement of profit or loss has been restated to show the discontinued operation of US Business Group separately from continuing operations.

(c) Results of discontinued operations

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Revenue	**53**	2,582
Expenses	**(7,108)**	(19,688)
Assets impairment losses	**–**	(181,293)
Loss before taxation	**(7,055)**	(198,399)
Income tax	**(1)**	38,656
Loss for the year	**(7,056)**	(159,743)
Gain on Shine Great Disposal Transaction I *(note 9(b))*	**–**	18,160
Gain on Shine Great Disposal Transaction II *(note 5(e))*	**86,399**	–
Gain on US Business Disposal *(note 9(a))*	**19,230**	–
Profit/(loss) from discontinued operations, net of tax	**98,573**	(141,583)
Attributable to:		
Owners of the Company	**99,860**	(120,311)
Non-controlling interests	**(1,287)**	(21,272)
	98,573	(141,583)
Earnings/(loss) per share		
Basic *(HK cent)*	**2.57**	(5.39)
Diluted *(HK cent)*	**2.57**	(5.39)

(d) Cash used in discontinued operations

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Net cash used in operating activities	**(76)**	(627)
Net cash used in investing activities	**–**	(62)
Net cash used in financing activities	**–**	(1,283)
Net cash outflow for the year	**(76)**	(1,972)

(e) Assets held for sale

Upon completion of the Subscription and Transaction I on 24 February 2015, the Group's 49% retained interest in Shine Great Group was accounted for as an associate, which was classified as assets held for sale since 24 February 2015 till the completion of Transaction II on 4 July 2016.

The details of the gain on disposal of the assets held for sale is analysed as follows:

	HK$'000
Consideration received*	217,352
Carrying amount of the assets held for sale**	(130,953)
Gain on disposal	86,399

* The consideration has been satisfied by issuing of convertible notes by Blue Sky to Total Belief in the principal amount of HK$132,535,000 (see note 5(a)). The fair value of the convertible notes on 4 July 2016 was HK$217,352,000 which was determined by the directors of the Company with reference to a valuation report issued by an independent appraisal firm, Ascent Partners Valuation Service Limited.

** The fair value of the 49% retained interest in Shine Great Group assumed on 24 February 2015 was determined by the directors of the Company with reference to a valuation report issued by an independent appraisal firm, ROMA Appraisals Limited.

6. ASSETS IMPAIRMENT LOSSES

Continuing operations

	Note	**2016** **HK$'000**	2015 HK$'000 (Restated – note 5)
Impairment losses			
– exploration and evaluation assets	*10*	**102,694**	1,325,794
– convertible notes receivables		**–**	62,610
– available-for-sale investments		**1,698**	71,470
– other receivables		**1,050**	–
		105,442	1,459,874

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

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

Continuing operations

	2016 **HK$'000**	2015 HK$'000 (Restated – note 5)
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – overseas		
Provision for the year	**11**	9
Under-provision in respect of prior years	**–**	1,417
	11	1,426
Deferred tax		
Origination and reversal of temporary differences	**(6,032)**	(4,797)
	(6,021)	(3,371)

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Company and its subsidiaries incorporated in Bermuda and the BVI are not subject to any income tax in Bermuda and the BVI during both the current and prior years.

Provision for Hong Kong profits tax for 2016 is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year.

Subsidiaries of the Group in Argentina are subject to Argentina corporate income tax ("CIT") at 35% (2015: 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.

Taxation for other overseas subsidiaries of the Group is charged at the appropriate current rates of taxation ruling in the relevant countries and regions.

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

Continuing operations

	2016	2015
	HK$'000	*HK$'000*
		(Restated – note 5)
Loss before taxation	**(229,615)**	(1,549,322)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the jurisdictions concerned	**(7,791)**	(44,594)
Tax effect of non-taxable income	**(6,966)**	(4,363)
Tax effect of non-deductible expenses	**8,485**	19,793
Tax effect of tax losses not recognised	**3**	4,767
Tax effect of temporary differences not recognised	**248**	19,609
Under-provision in respect of prior years	**–**	1,417
Actual tax credit	**(6,021)**	(3,371)

8. LOSS PER SHARE

(a) Basic loss per share

(i) (Loss)/profit attributable to owners of the Company (basic)

	2016			2015		
	Continuing operations *HK$'000*	**Discontinued operations** *HK$'000*	**Total** *HK$'000*	Continuing operations *HK$'000* (Restated – note 5)	Discontinued operations *HK$'000* (Restated – note 5)	Total *HK$'000*
(Loss)/profit attributable to owners of the Company	**(223,209)**	**99,860**	**(123,349)**	(1,545,943)	(120,311)	(1,666,254)

(ii) Weighted average number of ordinary shares (basic)

	2016 *'000*	2015 *'000*
Issued ordinary shares at 1 January	**2,497,026**	1,385,024
Effect of shares issued under open offer	**–**	637,490
Effect of bonus element on shares issued under open offer	**–**	7,461
Effect of shares issued under placements	**–**	200,110
Effect of shares issued under share option scheme	**3,269**	1,604
Effect of shares issued under subscription	**1,391,120**	–
Weighted average number of ordinary shares (basic) at 31 December	**3,891,415**	2,231,689

(b) Diluted loss per share

For the years ended 31 December 2016 and 2015, 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.

9 DISPOSAL OF SUBSIDIARIES

(a) US Business Disposal

As disclosed in note 5(b), the US Business Disposal was completed on 30 December 2016.

(i) Considerations

The following table summarises the fair value of each major class of considerations at the disposal date:

	HK$'000
Cash consideration receivable	5,816
Common Stock	24,802
Promissory Note	35,769
Total considerations	66,387

(ii) Details of net liabilities in respect of the US Business Group over which control was lost

	HK$'000
Property, plant and equipment	19,795
Intangible assets	36,544
Trade and other receivables	9,773
Cash and cash equivalents	211
	66,323
Trade and other payables	(12,599)
Amounts due to holding company	(202,425)
Deferred tax liabilities	(8,665)
	(223,689)
Net liabilities disposed of	(157,366)

(iii) Gain on US Business Disposal

	HK$'000
Considerations *(note (a))*	66,387
Net liabilities disposed of	157,366
Assignment of amounts due from subsidiaries *(note (b))*	(202,425)
Non-controlling interests	(2,141)
Cumulative exchanges difference in respect of the net liabilities of the US Business Group reclassified from equity to profit or loss on the disposal date	43
Gain on disposal	19,230

Notes:

(a) Cash consideration of US$75,000 (equivalent to approximately HK$582,000) and US$675,000 (equivalent to approximately HK$5,238,000) have been received on 4 January 2017 and 17 January 2017, respectively. The Common Stock has been issued by Foothills Exploration to the Group on 30 December 2016. The Promissory Note has been issued by Foothills to the Group on 30 December 2016.

(b) According to the US Agreement, upon the completion of the US Business Disposal, the debts obligations of the US Business Group due to the Group of HK$202,425,000 was discharged.

(iv) Net cash outflow resulting from the US Business Disposal

	HK$'000
Cash consideration	–
Less: cash and cash equivalents disposed of	(211)
Net cash outflow on disposal	(211)

(b) Shine Great Disposal

On 24 February 2015, the Subscription and Transaction I of the Shine Great Disposal (see note 5(a)) was completed. Upon the completion of the Subscription and Transaction I, the Group's effective interest in Shine Great decreased from 100% to 49%. Accordingly, Shine Great Group ceased to be subsidiaries of the Group.

(i) Considerations

The following table summarises the fair value of each major class of considerations received at the disposal date:

	HK$'000
Cash deposit received	17,000
Convertible notes	80,072
Total considerations	97,072

(ii) Details of net assets in respect of Shine Great Group over which control was lost

	HK$'000
Property, plant and equipment	54,816
Lease prepayments	5,619
Intangible assets	58,063
Goodwill	33,619
Interest in associates	12,322
Inventories	221
Trade and other receivables	171,855
Cash and cash equivalents	3,095
	339,610
Other borrowings	(7,539)
Trade and other payables	(66,387)
Obligations under finance leases	(248)
Deferred tax liabilities	(14,836)
	(89,010)
Net assets disposed of	250,600

(iii) Gain on Shine Great Disposal

	HK$'000
Consideration received	97,072
Fair value of the remaining 49% interest in Shine Great Group classified as assets held for sale *(note 5(e))*	130,953
Net assets disposed of	(250,600)
Non-controlling interests	39,675
Cumulative exchanges difference in respect of the net assets of Shine Great Group reclassified from equity to profit or loss on the disposal date	1,060
Gain on disposal	18,160

(iv) Net cash outflow resulting from Shine Great Disposal

	HK$'000
Cash considerations	–
Less: cash and cash equivalents disposed of	(3,095)
Net cash outflow on disposal	(3,095)

10. EXPLORATION AND EVALUATION ASSETS

	Exploration rights *HK$'000*	Exploratory drilling *HK$'000*	Geological studies *HK$'000*	Others *HK$'000*	Total *HK$'000*
Cost					
At 1 January 2015	3,231,431	49,272	173,124	37,883	3,491,710
Additions	2,018	83,752	238	–	86,008
Disposal	–	(212)	–	–	(212)
Exchange adjustments	(4,011)	(26,934)	(49,720)	(2,485)	(83,150)
At 31 December 2015	3,229,438	105,878	123,642	35,398	3,494,356
At 1 January 2016	**3,229,438**	**105,878**	**123,642**	**35,398**	**3,494,356**
Additions	**1,870**	**17,733**	**932**	**–**	**20,535**
Exchange adjustments	**(1,809)**	**(18,022)**	**(18,170)**	**(903)**	**(38,904)**
At 31 December 2016	**3,229,499**	**105,589**	**106,404**	**34,495**	**3,475,987**
Accumulated impairment					
At 1 January 2015	–	16,906	–	–	16,906
Impairment loss *(note (c))*	1,159,623	7,131	123,642	35,398	1,325,794
Exchange adjustments	–	(7,350)	–	–	(7,350)
At 31 December 2015	1,159,623	16,687	123,642	35,398	1,335,350
At 1 January 2016	**1,159,623**	**16,687**	**123,642**	**35,398**	**1,335,350**
Impairment loss *(note (c))*	**101,762**	**–**	**932**	**–**	**102,694**
Exchange adjustments	**–**	**(9,885)**	**(18,170)**	**(903)**	**(28,958)**
At 31 December 2016	**1,261,385**	**6,802**	**106,404**	**34,495**	**1,409,086**
Net book value					
At 31 December 2016	**1,968,114**	**98,787**	**–**	**–**	**2,066,901**
At 31 December 2015	2,069,815	89,191	–	–	2,159,006

(a) On 29 December 2006, JHP International Petroleum Engineering Limited ("JHP") and Maxipetrol – Petroleros de Occidente S.A. (formerly known as "Oxipetrol – Petroleros de Occidente S.A.") ("Maxipetrol") (collectively the "Consortium") were granted the Tartagal Concession and the Morillo Concession under the Provincial Government Decree No.3391/2006 and Decree No.3388/2006 respectively. The Tartagal Concession and Morillo Concession (collectively the "T&M Concessions") are the concessions 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. Exploration permits and potential exploitation permits were granted for oil and developments of hydrocarbons in the T&M Concessions areas. 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"), the Group's subsidiary, and the Consortium executed an Union of Temporary Enterprise ("T&M UTE") agreement pursuant to which the interest and title in the T&M Concessions of the exploration permits and potential exploitation permits shall be taken up by the T&M UTE. Under the agreement, it is agreed that JHP will transfer its 60% interest in the T&M Concessions to High Luck.

In April 2009, the T&M UTE, namely Maxipetrol Petroleros de Occidente – UTE (currently known as "High Luck Group Limited Tartagal Oriental Morillo – UTE"), was registered in the Public Register of Commerce and High Luck becomes one of the members of the T&M UTE which holds 60% interest in the T&M Concessions. In April 2013, upon completion of the acquisition of 100% equity interest of Power Jet Group Limited, the Group increased its interest in the T&M Concessions from 60% to 69.25%.

The T&M 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 T&M UTE's representative which will carry out the duties with regard to all legal acts, contracts and other operations pursuant to Section 379 of Law 19,550 on Business Companies.

(b) As mentioned above, the exploration permits granted are valid for an initial period of four years starting from 29 December 2006 (i.e. expired on 29 December 2010) and additional extensions up to an aggregate of nine years may be obtained. The Group submitted applications to the Secretary of Energy of Province of Salta, Argentina for extension of the exploration permits and obtained the approvals in July 2010, July 2011, December 2013 and March 2016 respectively. Pursuant to the approval document issued in March 2016, the exploration permits was extended to 13 September 2017. The Group is presently in discussion with the Secretary of Energy of Province of Salta for a further extension of the exploration permits.

(c) An impairment loss on exploration and evaluation assets of HK$102,694,000 (2015: HK$1,325,794,000) in respect of T&M UTE has been recognised in the consolidated statement of profit or loss in 2016 due to a lower price environment in the near term and the deferral of development plans for the T&M Concessions. The impairment loss was provided based on value in use calculations with reference to a valuation report issued by an independent appraisal firm, ROMA Appraisals Limited. These calculations used cash flow projections based on financial forecasts prepared by management with reference to technique reports issued by Netherland, Sewell & Associates, Inc., an independent qualified technical consultant. The cash flow projections cover the life of the oil fields for a twenty-five-year (2015: twenty-three-year) period. Discount rates of 22.10% and 22.50% (2015: 20.35% and 20.73%) for Morillo Concession and Tartagal Concession respectively have been applied in the cash flow projections. The discount rates used reflects specific risks relating to the relevant assets.

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables *(note)*	**15,838**	8,790
Other receivables	**44,066**	33,477
Amount due from a joint venture	**7,524**	11,021
Amounts due from non-controlling shareholders	**737**	1,881
VAT recoverable	**51,622**	34,891
Other tax recoverable	**9,637**	7,020
Other prepayment and deposits	**13,627**	54,659
	143,051	151,739
Reconciliation to the statement of financial position:		
Non-current	**18,684**	81,830
Current	**124,367**	69,909
	143,051	151,739

All of the current trade and other receivables are expected to be recovered or recognised as expense within one year.

Note:

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

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**7,690**	7,678
31 – 60 days	**7,797**	736
61 – 90 days	**1**	–
Over 90 days	**350**	376
	15,838	8,790

Trade receivables are due within 30 days (2015: 30 days) from the date of billing.

12. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables *(note (b))*	**29,183**	10,010
Accrued expenses	**11,982**	42,341
Others	**3,113**	6,397
Financial liabilities measured amortised cost	**44,278**	58,748

Notes:

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

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

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**17,398**	3,179
31 – 60 days	**2,322**	4,300
61 – 90 days	**3,683**	64
Over 90 days	**5,780**	2,467
	29,183	10,010

MANAGEMENT DISCUSSIONS AND ANALYSIS

GENERAL REVIEW

2016 proved to be another challenging year for the Group. Low international and domestic Argentine oil and gas prices continued to provide the backdrop to a financially difficult year. This resulted in the Group reporting a loss for the year ended 31 December 2016 of HK$125.02 million, although the amount of loss has been greatly reduced from that of 2015.

In February 2016, the Group had an oil discovery in the Chirete Concession. However, a prolonged dispute between our concession partner had prohibited us from making a determination as to its economical viability.

During the year, the Group executed its planned, much needed financial and operational restructuring activities, in an attempt to better position itself to withstand the ongoing low oil and gas price environment, and enhance its ability to exploit suitable acquisition opportunities. The Group entered into a subscription agreement with Max Sun Enterprises Limited, the substantial shareholder of the Group, in May 2016 in relation to a subscription of 2,910,000,000 new shares. The subscription was completed in July 2016, and a net proceed of approximately HK$447.23 million was raised.

In July 2016, the Group concluded its full exit from the downstream oil and gas sector, when it completed the second part of its two-stage disposal of Shine Great Investments Limited, a subsidiary principally involved in the natural gas distribution business in the People's Republic of China.

Net proceeds of approximately HK$110.00 million were further raised in November 2016, following the completion of a share subscription of 500,000,000 new shares by Elberta Holdings Limited, an independent third party to the Company.

In December 2016, the Group also divested its oil and gas business interests in the Uinta Basin, situated in Utah, United States for a consideration of US$10.75 million (equivalent to HK$83.42 million), thereby leaving the Group to fully concentrate on its Argentina exploration and production interests.

BUSINESS REVIEW

The Group's oil and gas participations during 2016 were primarily in the Northwest Basin in Argentina and the Uinta Basin in Utah, United States. The Group disposed of its Uinta Basin business interest at year end, following a strategic decision initiated in the previous year to carve out this loss making business segment. This enabled the Group to focus on its Argentina exploration and production interests, as well as, provided additional funding for working capital and investment purposes.

Northwest Basin, Argentina

The Northwest Basin is one of the largest gas producing basins in Argentina. This basin is geologically and structurally complex because of the superposition of four main basins and tectonic influences, including a Late Jurassic to Early Cretaceous-aged rift extension and Tertiary-aged Andean compression. The Group is of the view that the complex geological structures create opportunities for discovery of conventional light oil and natural gas during exploration activities.

At 31 December 2016, the Group held the following concessions in the Northwest Basin in Argentina:

Concessions	**Participating interest**	**Surface area**	**Prospective Resources**	**2P Reserves**	**Group's Net Interest**
		(in km^2)	*(MMBOE)*	*(MMBOE)*	*(MMBOE)*
Tartagal Oriental and Morillo	69.25%	10,583	427.8	–	296.3
Chirete	50%	1,793	14.1	–	7.1
Palmar Largo	38.15%	1,382	–	0.6	0.2

Exploration, Development and Production activities

Tartagal Oriental and Morillo Concessions (the "T&M Concessions")

The T&M Concessions (comprising of the Tartagal Oriental block and the Morillo block), located in the Province of Salta in northern Argentina, are an important asset of the Group. They cover a total surface area of 10,583 km^2 and have a net estimated Prospective Resources of 296.3 MMBOE.

In March 2016, the Group successfully extended its exploration license in the T&M Concessions for a further 18 months until 13 September 2017. A number of prospects for the Group's exploratory drilling campaign in the T&M Concessions were identified by the in-house geological and geophysical team, and verified of their suitability and potential, by independent third party geological and geophysical experts.

By May 2016, pre-spud planning and preparation activities for the drilling of the first prospect were at an advanced stage of readiness. However, due to extraordinary delays, beyond the control of the Group, with the granting of necessary drill location and access roads permits by the Secretary of Energy in the Province of Salta, the spudding of the first prospect, originally planned for Q3 2016, was inevitably deferred until 2017. By end of year 2016, the Group was still waiting for the issuance of permits from the provincial authorities for the construction of road leading to the drill site as well as for the preparation of the rig pad and the drill site. With the arrival of rainy season between December and March, spudding is expected to commence by Q2 2017 to allow time for site preparation and mobilization of the drill rig. As a result, the Group's subsequent planned exploratory drills and its ability to fulfill all it working commitments before the expiry of the current exploration license until 13 September 2017 have also been impacted.

The Group is presently in discussion with the Secretary of Energy as a precautionary measure, for a further extension of the current exploration permits in T&M Concessions, in order to compensate for the time lost, arising from the delayed processing and granting of the drill location and access roads permits for the first prospect.

The T&M Concessions are presently at an exploration stage with no existing development or production activities currently being performed.

Chirete Concession

The Chirete Concession covers a surface area of approximately 1,793 km^2 in the Province of Salta in northern Argentina, and has Prospective Resources of 14.1 MMBOE.

In February 2016, the Group completed its exploration drilling at the Chirete with oil shows during the drilling operation. Oil flowed freely after well completion, but with water to oil ratio of about 70%. The well was shut in and extensively studies had been made to reduce the amount of water cut. However, the Group had been in dispute with Pampa Energia (formerly Petrobras Argentina S.A.) as to whether it fully met the exploratory drilling requirements for the LB x-1002 well drilled in late 2015, a condition precedent in the farm-in agreement entered into between the two parties in April 2015, in order to qualify for a 50% participating interest in the Chirete Concession.

In July 2016, the matter was settled, after a written resolution was granted by the Secretary of Energy in the Province of Salta, which officially recognised the Group as having met the necessary precedent condition, thus entitling it to a 50% participating interest in the concession, and its continuing role as the operator. A UTE will be formed when the concession enters into an exploitation phase.

Due to differences of opinion between the Group and Pampa Energia with respect to the exploration strategy in the Chirete Concession, the Group has experienced a difficult year in the terms of the limited progress made, following the encounter of traces of hydrocarbons from the LB x-1002 exploratory drill. It had been the intention of the Group to conduct an extended test program to more accurately characterise the reservoir and evaluate its potential economic viability. However, due to Pampa Energia's unwillingness to agree to this plan, and contribute their share of the forecast cost, the project has been delayed until a consensus is reached on the way forward. One exploration well will be drilled by the end of 2017 about 2.9 kilometers away from the LB x-1002 site where data from 3D seismic indicates a potential pay zone of approximately 100 meters.

Palmar Largo Concessions (the "PL Concessions")

The PL Concessions comprise of three blocks, namely the Palmar Largo block located in the Province of Formosa which holds the producing fields, together with the Balbuena Este block and the El Chorro block located in the Province of Salta. The concessions have a 25 year term which is due to expire on 23 December 2017. Being the operator of the PL Concessions, the Group has initiated discussions with the existing UTE members in preparation for the formal application to extend the concessions for another 10 years to year 2027.

During the year, the Group conducted three coil tubing interventions and two workovers as considered necessary and routine on certain mature producing wells in order to maintain their production rates. Average daily production achieved during the year for the Group's 38.15% interest in the PL Concessions was approximately 347 BOPD (2015: 376 BOPD). The Group's share of production for the year was 127 MBBL (2015: 137 MBBL).

The average selling price the Group received during the year was US$55.96 (2015: US$71.00) per barrel. This lower average selling price came as a surprise to the Group when in October 2016, the local policy of banning importation of foreign oil was relaxed, which effectively ended the premium that the domestic oil prices had over the international oil price for the past few years. In some instances after the lifting of the ban on imported oil, the domestic oil prices in Argentina even fell below that of the international prices.

Argentina Domestic Oil Price

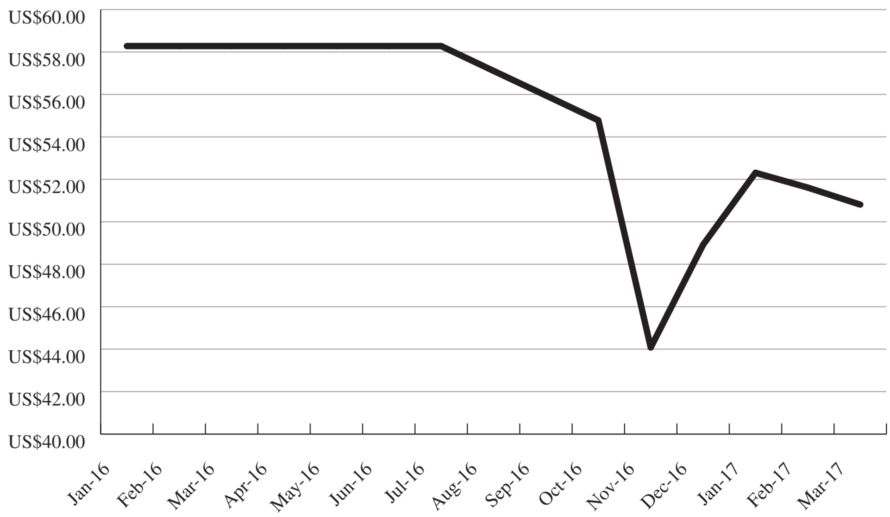


Chart to show Argentina domestic oil price at the Noroeste Basin for the period between Jan 2016 to Mar 2017

Due to lower oil productions and lower selling prices in 2016, sales of crude oils from the Group's 38.15% participating interest in the PL Concessions contributed to an annual revenue of HK$57.11 million (2015: HK$66.73 million).

There were no exploration and development activities in the PL Concessions during the period under review.

Expenditures incurred

Expenditures incurred in relation to the Group's exploration and production activities in the Northwest Basin in Argentina during the year were as follows:

Nature of expenditure	**Tartagal Oriental and Morillo Concessions** *(HK$'000)*	**Chirete Concession** *(HK$'000)*	**Palmar Largo Concessions** *(HK$'000)*	**Total** *(HK$'000)*
Exploration rights	1,445	425	–	1,870
Geological and geochemical studies	932	–	–	932
Exploratory drillings	1,346	16,387	–	17,733
Capital expenditures	–	–	845	845
Production costs	–	–	48,689	48,689
Total	**3,723**	**16,812**	**49,534**	**70,069**

Drilling Rig

During the year, the Group purchased an imported rig from China after it was released from the Argentina Customs, having been held there for 18 months.

The Group embarked on an extensive refurbishment program to restore the rig to a workable condition with the view that it may generate potentially significant savings in the overall costs of its exploration drillings. Additionally, it also enables the Group to have greater control over the scheduling of its drilling and work-over activities.

Despite continued disruptions from local labour unions, the Group is committed to completing the refurbishment program, with a view to having the rig commissioned and in operational condition by the end of Q2 2017.

Uinta Basin, 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.

In December 2016, the Group followed its strategic decision initiated in the previous year and successfully carved out this loss making business for US$10.75 million (equivalent to approximately HK$83.42 million), and recorded a net gain of HK$19.23 million from the disposal. The Group believes the disposal on one hand offered a good opportunity for the Group to realize the value of this business and, on the other hand, provides the Group additional funding for investment as and when suitable opportunities arise.

During the year, the Group's revenue from the sale of oil produced in Uinta Basin amounted to HK$0.05 million (2015: HK$0.88 million), and recorded a loss of HK$7.06 million (2015: HK$157.91 million) from this business. The financial result of the upstream business in United States has been included in the loss from discontinued operation.

During the year, save for the minimal production activities in the Natural Buttes field, there was no other exploration, development and production activities performed in the Unita Basin.

Expenditures incurred

Expenditures incurred for production activities by the Group in the Uinta Basin during the year, were as follows:

Nature of expenditure	**Natural Buttes** *(HK$'000)*
Production costs	731

OUTLOOK

With no immediate and significant rebound in both the international and domestic Argentine oil and gas prices in sight, the business outlook in Argentina for the Group in 2017 will continue to be challenging. Management may consider the possibility of scaling back its exploration activity during 2017, and deferring part of its drilling campaign in the T&M Concessions. On the production side, the Group will continue seeking further cost rationalisation and efficiency opportunities, but without sacrificing its commitment to safety. Furthermore, the Group, having been funded with the support of our majority shareholders towards the end of 2016 and the beginning of 2017, will continue its search for suitable investment opportunities in the energy sector and diversify its geographic coverage.

FINANCIAL REVIEW

Consolidated revenue from continuing operations of the Group for the year ended 31 December 2016 was HK$57.11 million (2015 (restated): HK$66.73 million), representing a decrease of 14.42% as compared with 2015. Since the local oil price in Argentina had further declined in year 2016, the sale of oil products under oil exploration and production dropped for HK$9.62 million for the year 2016. Despite the decline of local oil price in Argentina led to the gross profit from continuing operations decrease from HK$9.04 million in 2015 (as restated) to HK$8.42 million for the year 2016, representing a decrease of 6.86%, as a result of less workover costs incurred as compared with previous year, the gross profit margin from continuing operations has been slightly improved for 1.19% from 13.55% in 2015 to 14.74% in 2016.

For the year, the Group recorded a loss attributable to owners of the Company of HK$123.35 million (2015: HK$1,666.25 million), recording a decrease of 92.60%. The significant decrease in loss for the year was mainly attributable to (i) a significant decrease in assets impairment losses for the year; and (ii) net gains resulted from the disposal of subsidiaries and associates during the year.

Administrative expenses from continuing operations of the Group for the year amounted to HK$90.51 million (2015(restated): HK$79.28 million), representing an increase of HK$11.23 million as compared with 2015. The increase is because certain expenses in amount of HK$22.75 million incurred for purchase a drilling rig cannot satisfy the criteria of capitalization, and hence, were recognised as expenses for the year. Save for the expenses mentioned, the administrative expenses has been decreased as compared with 2015. The decrease in administrative expenses showed the continuous efforts of the Group's tighter cost control measures. Similar to 2015, staff costs, legal and professional expenses and consultancy fees were key components of administrative expenses of the Group.

Finance costs from continuing operations of the Group for the year was HK$26.56 million (2015: HK$29.01 million). The decrease of HK$2.45 million was mainly due to the absence of interest on convertible notes payable for the year.

Loss per share for the year was HK3.17 cents (2015: HK74.66 cents). The Board does not recommend any final dividend for this financial year (2015: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group financed its operations from a combination of working capital, short-term borrowings and proceeds from share subscriptions.

As at 31 December 2016, the Group's total cash and bank balances were HK$398.63 million (2015: HK$29.58 million), an increase of HK$369.05 million as compared with 2015. The significant improvement in cash and bank balances was due to substantial share subscriptions were completed during the year, of which part of these funds of HK$340.32 million was still unutilised as at 31 December 2016. In addition, the Group also realised some cash from disposal of convertible bonds and trading securities during the year and enhanced its cash position at the end of the year.

As at 31 December 2016, the total equity of the Group was HK$2,651.27 million (2015: HK$2,242.36 million) and the net asset value per share was HK$0.45 (2015: HK$0.90). Despite the total equity of the Group had been increased by the share subscriptions completed during the year, the net asset value per share had been diluted as a result of the subscription prices had discounts to the net asset value per share.

The debt ratio, calculated by total liabilities divided by total assets, was 13.51% as at 31 December 2016 (2015: 18.18%). A drop of 4.67% as compared with 2015 was resulted in the decrease in debt balances after repayment of certain borrowings during the year.

As at 31 December 2016, the total asset value and net current asset value of the Group were approximately HK$3,065.43 million (2015: HK$2,740.70 million) and HK$701.31 million (2015: HK$150.14 million) respectively.

Fund raising activities during the year

On 20 July 2016, the Company completed a share subscription and issued 2,910,000,000 new shares of HK$0.01 each (aggregate nominal value of HK$29.10 million) to Max Sun Enterprises Limited, which becomes the controlling shareholder of the Company thereafter, at the subscription price of HK$0.154 per share pursuant to the subscription agreement dated 17 May 2016. The closing market price on the date of issue was HK$0.175 per share. Net proceeds of approximately HK$447.23 million (equivalent to approximately HK$0.154 per share) were raised. Subsequent to the completion of the subscription, as at 31 December 2016, net proceeds of approximately HK$11.21 million was used as intended for the works in the Tartagal Concession and Morillo Concession, approximately HK$112.61 million was used as intended for the repayment of short-term loans and approximately HK$37.83 million was used as intended as general working capital (including the payment of interest expenses, consultancy fees, legal and professional fees and operation expenses in Argentina). As at 31 December 2016, the Company had in aggregate unutilised proceeds of approximately HK$285.58 million raised by the above mentioned share subscription, of which the unutilised proceeds will be used for the works in the Tartagal Concession and Morillo Concession.

On 4 November 2016, the Company completed a share subscription and issued 500,000,000 new shares of HK$0.01 each (aggregate nominal value of HK$5.00 million) to Elberta Holdings Limited, an independent third party of the Company, at the subscription price of HK$0.22 per share pursuant to the subscription agreement dated 28 October 2016. The closing market price on the date of issue was HK$0.26 per share. Net proceeds of approximately HK$110.00 million (equivalent to approximately HK$0.22 per share) were raised. Subsequent to the completion of the subscription, net proceeds of approximately HK$47.46 million was used as intended for the repayment of short-term loan and approximately HK$7.80 million was used as intended as general working capital (including the payment of audit fee, interest expenses and legal and professional fees). As at 31 December 2016, the Company had in aggregate unutilised proceeds of approximately HK$54.74 million raised by the above mentioned share subscription, of which (i) approximately HK$23.28 million will be used for the purchase of equipment (comprising a coil tubing unit and a workover rig) and (ii) approximately HK$31.46 million for general working capital of the Company.

On 13 February 2017, the Company proposed an open offer on the basis of one offer share for every two shares held on 21 March 2017 at the subscription price of HK$0.25 per offer share. A special general meeting was held on 15 March 2017 and the shareholders of the Company (the "**Shareholders**") have approved the arrangement that the offer shares not validly applied for by the Shareholders are not available for application by the Shareholders in excess of their assured allotments. The open offer is in progress and is estimated to be completed in April 2017. Upon the completion of the open offer, it is expected that net proceeds of approximately HK$735.16 million will be raised. The net proceeds are intended to be used (i) as to approximately HK$135.16 million for general working capital (including approximately HK$40.00 million for overhead expenses of Hong Kong office, approximately HK$35.87 million for the repayment of loan upon due and the remaining approximately HK$59.29 million for interest expenses, operations in Argentina and development of the Group's existing upstream business segment); and (ii) as to approximately HK$600.00 million to strengthen and build a lucrative and balanced oil and gas portfolio of the Group when suitable opportunities arise.

Borrowings

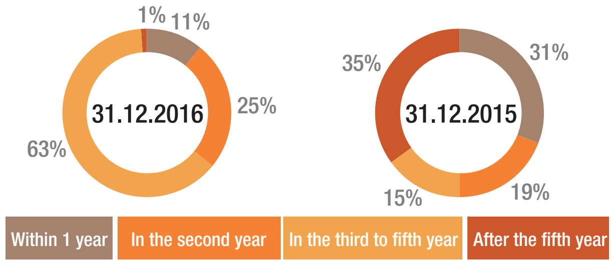
Total borrowings outstanding as at 31 December 2016 was HK$331.76 million (2015: HK$420.03 million), of which all were other borrowings.

Financial covenants

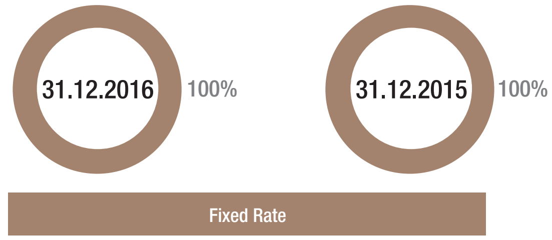
HK$54.40 million of the Group's other borrowings are subject to the fulfillment of covenants relating to the Company's assets/liabilities ratio and consolidated adjusted tangible assets, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the other borrowings would become payable on demand. As at 31 December 2016 and 2015, none of the financial covenants relating to the other borrowings were breached.

The debt profile of the Group as at 31 December 2016 is detailed below:

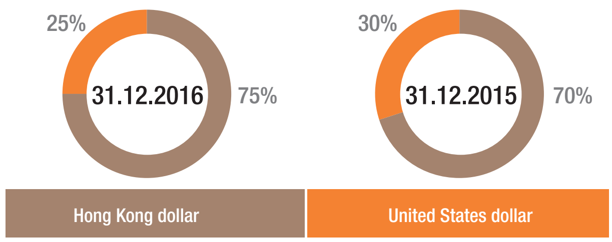
Debt Profile by Maturity



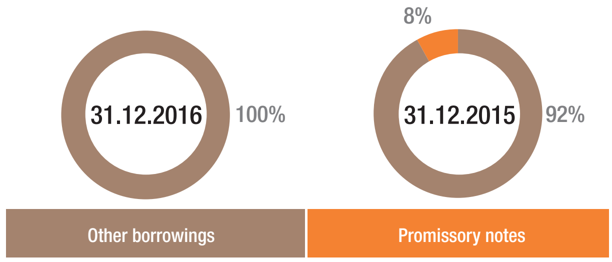
Debt Profile by Interest Rate Structure



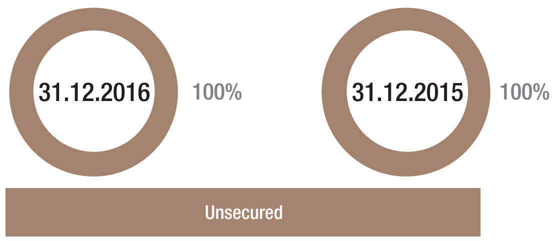
Debt Profile by Currencies



Debt Profile by Types of Borrowings



Debt Profile by Security Nature



Gearing ratio

As at 31 December 2016, the gearing ratio, calculated on the basis of interest bearing borrowings divided by total equity, was 12.51% (2015: 18.73%).

Charge on Assets

As at 31 December 2016, the Group did not have any charge on its assets (2015: Nil).

Contingent Liability

As at 31 December 2016, the Group did not have any material contingent liabilities (2015: Nil).

Capital Commitments

Details of the capital commitments of the Group as at 31 December 2016 are set out in notes to the financial statements of the annual report.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including business risks, operational risks and financial risks.

The Group's subsidiaries which operate primarily in oil and gas exploration and production are susceptible to geological, exploration and development risks. The Group strives to establish comprehensive technical and operational teams. Through detailed planning, analysis and discussion among the teams, and with support from experienced consultants and experts, the Group will be able to counter most of the foreseeable changes of circumstances and mitigate the risks to a reasonably acceptable level.

In the normal course of the Group's business, the Group is exposed to credit, liquidity, interest rate, currency and price risks, and also to equity price risk arising from its equity investments in other entities and movements in its own equity share price. Details of the financial risk management of the Group are set out in notes to the financial statements of the annual report.

There may be other risks and uncertainties in addition to those as mentioned above which are not known to the Group or which may not be material now but could turn out to be material in the future.

Foreign Exchange Exposure

Assets and liabilities of the Group are mainly denominated in Hong Kong Dollar, Renminbi, United States Dollar and Argentine Peso. Most of these assets and liabilities are in functional currency of the operations to which the transactions relate. The currencies giving rise to the foreign exchange risk is primarily through carrying out exploration activities in Argentina and investments in foreign companies. 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 arises.

Employees

As at 31 December 2016, the Group employed a total of 55 (2015: 53) permanent employees in Hong Kong and Argentina. Total employee remuneration from continuing operations (including directors' remuneration and benefits) for the year ended 31 December 2016 amounted to HK$20.05 million (2015: HK$23.10 million). The Group provides its employees with competitive remuneration packages relative to their job performance, qualifications, experience, and prevailing market conditions in the respective geographical locations and businesses in which the Group operates.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers, social communities and governments to meet its objectives and long-term goals. Save as disclosed in the section headed "Business Review", there was no material or significant dispute between the Group and its suppliers, customers and/or other stakeholders during the year.

Material Acquisitions and Disposals

Save as disclosed in notes 5 and 9 to this announcement, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 December 2016.

Environmental Policies and Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavors to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Details of the environmental policies and performance of the Group are set out in "Environmental, Social and Governance Report" section of the annual report.

Significant Investments

(i) ***Blue Sky Power Holdings Limited (currently known as "Beijing Gas Blue Sky Holdings Limited")***

Blue Sky Power Holdings Limited ("**Blue Sky**") is a company incorporated in Bermuda and the shares of which are primarily listed on Main Board of the Stock Exchange of Hong Kong Limited (Stock Code: 6828) and secondarily listed on the Singapore Exchange Securities Trading Limited (Stock Code: UQ7). Based on publicly available information, the principal activity of Blue Sky is investment holding and its subsidiaries are principally engaged in (i) sales and distribution of natural gas and other related products and (ii) sales of book products and specialised products. After it had successfully fully shifted away from the printing business, Blue Sky is solely focused on operating and investing in the natural gas business.

As disclosed in note 5(a) to the financial statements, the Group disposed of the remaining 49% equity interest of Shine Great Investments Limited during the year, and received from Blue Sky convertible bonds in principal amount of HK$132,535,000. During the year, the Group disposed of in principal amount of HK$44.50 million of the convertible bonds thereto and fully exercised the remaining convertible bonds. As at 31 December 2016, the Group held approximately 397.18 million shares of Blue Sky ("**Blue Sky Shares**") with carrying value of approximately HK$242.28 million. The Company intends to dispose of the Blue Sky Shares in the future when the Directors considered such disposal appropriate and necessary.

(ii) ***Nordaq Energy, Inc.***

Nordaq Energy Inc. ("**Nordaq**") is an independent oil and gas company based in Anchorage, Alaska. Nordaq is mainly engaged in exploration, appraisal and development of hydrocarbon reserves in the State of Alaska, United States. Its portfolio includes prospects and resources in the Cook Inlet Basin and North Slope Province.

During the year, Nordaq drilled two exploratory wells in Tulimaniq Prospect, Alaska and resolved its financial difficulties by raised in aggregate US$6.96 million funds through both equity and debt financing. As at 31 December 2016, the Group held 867,319 shares of Nordaq (represented 8.73% of the issued share capital of Noradq) with carrying amount of HK$33.63 million.

Compliance with Relevant Laws and Regulations

As far as the Board of Directors and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

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 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**").

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. In the opinion of the Directors, the Company was in compliance with the applicable code provisions of the CG Code for the year ended 31 December 2016 and, where appropriate, the applicable recommended best practices of the CG Code, save and 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 Chief Executive Officers ("**CEO**") should be separate and should not be performed by the same individual. Given the current corporate structure, Mr. Cheng Kam Chiu, Stewart, being the Chairman and an Executive Director of the Company, was assuming the role of CEO of the Company, responsible for the strategic planning and day-to-day management of the Group during the year. Although the responsibilities of the Chairman and the CEO are vested in one person, all major decisions are made in consultation with the members of the Board of Directors and/or the senior management of the Company. The Board considers that there is sufficient balance of power and authority. The Board shall nevertheless review the structure from time to time to ensure appropriate composition should suitable opportunities arise.

Code Provision A.4.1

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. During the year, all Non-executive Director and Independent Non-executive Directors were not appointed for a specific term. They were, 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 (the "**Bye-laws**") and code provision A.4.2 of the CG Code. As such, the Company considers that sufficient measures were taken to ensure that the Company's corporate governance practices were no less exacting than those in the code provisions of the CG Code.

Code Provision A.6.7

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

Code Provision C.1.2

Under code provision C.1.2 of the CG Code, management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. During the year, the management of the Company did not provide monthly updates to all members of the Board as required by the code provision C.1.2 of the CG Code, as all the Executive Directors were involved in the daily operations of the Group and were fully aware of the performance, position and prospects of the Company, and the management of the Company has provided to all Directors (including Independent Non-executive Directors) of the Board quarterly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details prior to the regular board meetings of the Company. In addition, the management of the Company has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board.

Review of Annual Results

The annual results of the Group for the year ended 31 December 2016 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 of the Company will be closed from Friday, 26 May 2017 to Thursday, 1 June 2017 (both days inclusive), for the purpose of determining Shareholders' entitlement to attend and vote at the forthcoming 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, 25 May 2017.

Publication of annual results and annual report

This annual results announcement is published on the websites of the Company (www.nt-energy.com) and The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2016 containing all the information required by the Listing Rules shall be despatched to the Shareholders and made available on the abovementioned websites in due course.

GLOSSARY

"BOPD"	Barrels of oil per day
"km^2"	Square kilometers
"MBBL"	Thousand barrels of oil
"MMBOE"	Million barrels of oil equivalent
"Prospective Resources"	Quantities of petroleum which are estimated to be potentially recovered from undiscovered accumulations
"Probable Reserves"	Additional reserves that are less certain to be recovered than Proven Reserves but which, together with Proven Reserves, are as likely as not to be recovered

"Proven Reserves"	Proven oil and gas reserves are those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible
"2P Reserves"	Proven Reserves + Probable Reserves

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

Hong Kong, 30 March 2017

As at the date of this announcement, the board of directors of the Company comprises seven directors, of whom three are executive directors, namely Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Ming Kit and Mr. Zhang Kun; 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.