

**THIS OFFERING MEMORANDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this Offering Memorandum or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should at once hand the Offering Documents to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange and compliance with the Stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should consult your licensed securities dealer, register institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Offering Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Memorandum.



**NEW TIMES ENERGY CORPORATION LIMITED**

**新時代能源有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 00166)**

**OPEN OFFER ON THE BASIS OF  
ONE OFFER SHARE FOR EVERY TWO SHARES  
HELD ON THE RECORD DATE**

**Underwriters to the Open Offer  
Max Sun Enterprises Limited  
China Everbright Securities (HK) Limited**

Capitalised terms used in this cover page have the same meanings as defined in this Offering Memorandum.

The latest time for acceptance of and payment for the Offer Shares is 4:00 p.m. on Thursday, 22 January 2015. The procedures for application and payment are set out on pages 30 and 31 of this Offering Memorandum.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriters by notice in writing to the Company at any time prior to the Latest Time for Termination to terminate their obligations under the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination or rescission of the Underwriting Agreement" of the letter from the Board on page 22 of this Offering Memorandum. Accordingly, the Open Offer may or may not proceed.

It should be noted that the Shares have been dealt in on an ex-entitlement basis from Monday, 29 December 2014, and the dealings in Shares will take place whilst the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholder or potential investors of the Company should exercise caution when dealing in the Shares during such period who is in any doubt about his or her position is advised to consult his or her professional adviser.

\* For identification purpose only

## CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Expected Timetable</b> .....	7
<b>Termination or rescission of the Underwriting Agreement</b> .....	8
<b>Letter from the Board</b> .....	10
<b>Appendix I — Financial Information of the Group</b> .....	32
<b>Appendix II — Unaudited Pro Forma Financial Information of the Group</b> .....	34
<b>Appendix III — General Information</b> .....	39

## DEFINITIONS

*In this Offering Memorandum, unless the context otherwise requires, the following expressions shall have the following meanings:*

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Announcement”	the announcement of the Company dated 21 November 2014 in relation to the Open Offer;
“Application Form(s)”	the form(s) of application for Offer Shares in respect of the Open Offer to be used by the Qualifying Shareholders to apply for the Offer Shares;
“Arrangement”	the arrangement that the Offer Shares not validly applied for by the Shareholders (other than the Excluded Shareholders) are not available for application by the Shareholders in excess of their assured allotments;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday or Sunday or days on which a typhoon signal no. 8 or above or “black” rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks are generally open for business more than five hours in Hong Kong;
“Cayman Shareholders”	has the meaning ascribed to it under the section headed “Open Offer Rights of Overseas Shareholders” in the “Letter from the Board” contained in this Offering Memorandum;
“CESHK”	China Everbright Securities (HK) Limited, a company incorporated in Hong Kong and a licensed corporation under the SFO to conduct Type 1 (Dealing in Securities) regulated activities and an Underwriter;
“Committed Shares”	an aggregate of 132,073,555 Offer Shares to be offered to Max Sun by the Company pursuant to the Open Offer;
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance), Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time);

## DEFINITIONS

“Company”	New Times Energy Corporation Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange;
“Convertible Securities”	(i) the unlisted convertible notes issued by the Company on 13 March 2013 in the aggregate principal amount of HK\$38,475,000 maturing on 12 March 2015, of which HK\$33,475,000 were still outstanding as at the Latest Practicable Date; and (ii) the unlisted convertible bonds issued by the Company on 3 July 2013 in the aggregate principal amount of HK\$50,000,000 maturing on 2 July 2015, all of which were still outstanding as at the Latest Practicable Date;
“Director(s)”	director(s) of the Company;
“ED Share Options”	the Share Options granted to (a) Mr. Cheng Kam Chiu, Stewart entitling him to subscribe for a total of 6,172,000 Shares at an exercise price of HK\$0.75; and (b) Mr. Cheng Ming Kit entitling him to subscribe for a total of 6,172,000 Shares at an exercise price of HK\$0.75;
“ED Undertakings”	has the meaning ascribed to it in the section headed “Underwriting arrangement and undertakings — The ED Undertakings” in the “Letter from the Board” contained in this Offering Memorandum;
“Excluded Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong and are in a place where the Directors, based on legal opinions provided by the legal advisers of the relevant jurisdictions, consider it necessary or expedient not to offer the Open Offer to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

## DEFINITIONS

“Irrevocable Undertaking”	the letter of undertaking dated 21 November 2014 given by Max Sun to the Company and CESHK in relation to its irrevocable undertaking to, among others, accept the subscription and payment for the Committed Shares under the Open Offer;
“KPMG”	KPMG, Certified Public Accountants, the auditor and reporting accountants of the Company;
“Last Trading Day”	20 November 2014, being the last trading day of the Shares on the Stock Exchange prior to the issue of the Announcement;
“Latest Practicable Date”	2 January 2015, being the latest practicable date prior to the printing of this Offering Memorandum for ascertaining certain information contained in this Offering Memorandum;
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 22 January 2015 (or such other time or date as the Company and the Underwriters may agree in writing), being the last day for application of, and payment for, the Offer Shares;
“Latest Time for Termination”	4:00 p.m. on the Business Day immediately after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriters, being the latest time to terminate the Underwriting Agreement (or such other time or date as the Underwriters and the Company may agree in writing);
“Listing Committee”	has the meaning ascribed to it in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Max Sun”	Max Sun Enterprises Limited, a company incorporated in the British Virgin Islands and an Underwriter;
“Max Sun Warrants”	has the meaning ascribed to it under the section headed “Underwriting arrangement and undertakings — The Underwriting Agreement” in the “Letter from the Board” contained in this Offering Memorandum;
“Offer Share(s)”	Share(s) to be allotted and issued pursuant to the Open Offer;

## DEFINITIONS

“Offering Documents”	this Offering Memorandum and the Application Form;
“Offering Memorandum”	this offering memorandum;
“Offering Memorandum Posting Date”	Wednesday, 7 January 2015 (or such other date as the Company and the Underwriters may agree in writing), being the date of despatch of the Offering Documents;
“Open Offer”	the proposed offer for subscription of Shares by way of open offer at the Subscription Price to be made by the Company to the Qualifying Shareholders in the proportion of one Offer Share for every two Shares held on the Record Date in accordance with terms and conditions mentioned in this Offering Memorandum and more particularly described in the Offering Documents;
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong;
“PRC”	the People’s Republic of China which, for the purpose of this Offering Memorandum, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
“PRC Shareholders”	has the meaning ascribed to it under the section headed “Open Offer Rights of Overseas Shareholders” in the “Letter from the Board” contained in this Offering Memorandum;
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date;
“Record Date”	Wednesday, 31 December 2014 (or such other date as the Company and the Underwriters may agree in writing), being the date by reference to which entitlements to the Open Offer are to be determined;
“Registrar”	Tricor Tengis Limited, being the branch share registrar and transfer office of the Company in Hong Kong;
“Settlement Date”	Monday, 26 January 2015 (or such other date as the Company and the Underwriters may agree in writing), being the second Business Day following the last day for application for, and payment of, the Offer Shares;

## DEFINITIONS

“SFO”	the Securities and Futures Commission of Hong Kong, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time);
“SGM”	the special general meeting of the Company held on Monday, 22 December 2014 at 11:00 a.m. to approve among others the Arrangement;
“SGM Circular”	the circular of the Company dated 5 December 2014 in respect of the Open Offer;
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company (prior to the commencement of the capital reorganisation of the Company (as set out in the circular of the Company dated 18 August 2014) on 11 September 2014, the nominal value of such ordinary shares was HK\$0.50 each);
“Share Options”	the share options granted pursuant to the Share Option Scheme;
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Company at the annual general meeting of the Company on 17 May 2011, pursuant to which a total of 21,384,000 share options were still outstanding as at the Latest Practicable Date;
“Shareholder(s)”	the holder(s) of the Share(s);
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	HK\$0.17 per Offer Share;
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs;
“Underwriters”	Max Sun and CESHK; and “Underwriter” means any one of them;

## DEFINITIONS

“Underwriting Agreement”	the underwriting agreement dated 21 November 2014 entered into between the Company and the Underwriters in relation to the Open Offer;
“Underwritten Shares”	the total number of the Offer Shares (other than the Committed Shares) which are offered to the Qualifying Shareholders to subscribe for and fully underwritten by the Underwriters pursuant to the Open Offer;
“Warrants”	(i) the unlisted warrants issued by the Company on 16 July 2012 in the aggregate principal amount of HK\$105,000,000 expiring on 15 July 2017, all of which were still outstanding as at the Latest Practicable Date; and (ii) the unlisted warrants issued by the Company on 5 July 2013 in the aggregate principal amount of HK\$22,684,200 expiring on 4 July 2016, all of which were still outstanding as at the Latest Practicable Date; and
“%”	per cent.



## EXPECTED TIMETABLE

*The expected timetable for the Open Offer set out below is indicative only and is subject to change. Any consequential change to the expected timetable will be published by way of announcement.*

Despatch of the Offering Documents ..... Wednesday, 7 January 2015

Latest time for application of,  
and payment for, the Offer Shares..... 4:00 p.m. on Thursday,  
22 January 2015

Latest time for termination of the Underwriting Agreement ..... 4:00 p.m. on Friday,  
23 January 2015

Announcement of results of the Open Offer to be  
published in the respective websites of the  
Stock Exchange and the Company..... Thursday, 29 January 2015

Despatch of share certificates for the Offer Shares ..... Friday, 30 January 2015

Commence dealings in the Offer Shares ..... 9:00 a.m. on Monday,  
2 February 2015

*Note:* All times and dates refer to Hong Kong local times and dates.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR APPLICATION OF AND PAYMENT FOR OFFER SHARES**

All times in this Offering Memorandum refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Thursday, 22 January 2015, being the date of the Latest Time of Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

## TERMINATION OR RESCISSION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of any of the Underwriters, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of any of the Underwriters, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of any of the Underwriters, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
  - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of any of the Underwriters are likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of any of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or in the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement, SGM Circular or the Offering Documents or other announcements or circulars in connection with the Open Offer; or

## TERMINATION OR RESCISSION OF THE UNDERWRITING AGREEMENT

- (5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of any of the Underwriters be material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the relevant Offer Shares offered to it,

each of the Underwriters shall be entitled to by notice in writing to the Company and the other Underwriter, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement and no party shall have any claim against an other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Any of the Underwriters shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

**Any such notice shall be served by any of the Underwriters to the Company prior to the Latest Time for Termination. Upon termination or rescission of the Underwriting Agreement, the Open Offer will not proceed.**

### WARNING OF THE RISKS OF DEALING IN THE SHARES

**The Open Offer is conditional, among others, upon the fulfillment of the conditions set out in the section headed “Conditions of the Open Offer”. In particular, the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination or rescission of the Underwriting Agreement”. Accordingly, the Open Offer may or may not proceed. Any dealing in the Shares from the date of this Offering Memorandum up to the date on which all the conditions of the Open Offer are fulfilled are accordingly subject to the risk that the Open Offer may not become unconditional or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**



**NEW TIMES ENERGY CORPORATION LIMITED**  
**新時代能源有限公司\***  
*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 00166)**

*Executive Directors:*

Mr. Cheng Kam Chiu, Stewart (*Chairman*)  
Mr. Cheng Ming Kit (*Chief Executive Officer*)

*Non-executive Director:*

Mr. Heffner, Paul Lincoln

*Independent Non-executive Directors:*

Mr. Wong Man Kong, Peter  
Mr. Chan Chi Yuen  
Mr. Yung Chun Fai, Dickie  
Mr. Chiu Wai On

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11 Bermuda

*Principal Place of Business  
in Hong Kong:*

Room 1402, 14/F,  
New World Tower I  
16–18 Queen's Road  
Central  
Hong Kong

7 January 2015

*To Shareholders*

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF  
ONE OFFER SHARE FOR EVERY TWO SHARES  
HELD ON THE RECORD DATE**

**INTRODUCTION**

Reference is made to the Announcement and the SGM Circular, in which the Company announced that the Board proposed to raise not less than approximately HK\$117.7 million before expenses by way of issuing not less than 692,511,997 Offer Shares (assuming that none of the outstanding Share Options, Warrants and Convertible Securities will be exercised on or before the Record Date); and to raise not more than approximately HK\$130.0 million before expenses by way of issuing not more than 764,459,789 Offer Shares (assuming that all of the outstanding Share Options (excluding the ED Share Options), Warrants (excluding the Max Sun Warrants) and Convertible Securities will be exercised in full on or before the Record

\* For identification purpose only

## LETTER FROM THE BOARD

Date), at the Subscription Price of HK\$0.17 per Offer Share on the basis of one Offer Share for every two Shares held on the Record Date. The Open Offer is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders.

Reference is also made to the announcement of the Company dated 22 December 2014, where it was announced that the Arrangement was duly passed by the Shareholders at the SGM.

The purpose of this Offering Memorandum is to provide you with further information, among other things, on the Open Offer and the Arrangement, the financial and other information of the Group.

### THE OPEN OFFER

The details of the Open Offer are set out below:

#### Issue statistics

Basis of the Open Offer: One Offer Share for every two Shares held as at the close of business on the Record Date

Number of Shares in issue as at the Latest Practicable Date: 1,385,023,995 Shares

Number of Offer Shares to be issued: 692,511,997 Offer Shares

Subscription Price: HK\$0.17 per Offer Share

Underwriters: (i) Max Sun; and  
(ii) CESHK

Max Sun is a substantial Shareholder and directly holds 264,147,110 Shares, representing approximately 19.07% of the issued share capital of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CESHK and their respective ultimate beneficial owners are independent to the Company and its connected persons.

The Offer Shares to be issued and allotted pursuant to the Open Offer represent approximately 50% of the existing issued share capital of the Company and 33.33% of the enlarged issued share capital of the Company as enlarged by the issue of the Offer Shares.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, save for the Share Options, Warrants and Convertible Securities, the Company did not have any convertible securities, options or warrants in issue or similar right which conferred any right to subscribe for, convert or exchange into the Shares or other agreement or arrangement to issue Shares.

The Open Offer is fully underwritten by the Underwriters on the terms and subject to the conditions set out in the Underwriting Agreement.

Max Sun, being a substantial Shareholder, is a connected person of the Company and accordingly the issue of the Offer Shares to Max Sun constitutes a connected transaction under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.92(2)(b) of the Listing Rules, such issue is fully exempt from the relevant requirements under Chapter 14A of the Listing Rules if Rule 7.26A of the Listing Rules is complied with. As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by Max Sun, being a substantial Shareholder, pursuant to Rule 7.26A(2) of the Listing Rules, specific approval has been obtained from the Shareholders in respect of the Arrangement at the SGM. As at the Latest Practicable Date, (i) Max Sun was a substantial Shareholder and directly held 264,147,110 Shares, representing approximately 19.07% of the issued share capital of the Company; (ii) Chow Tai Fook Enterprises Limited, of which the ultimate beneficial owner of Max Sun, Dato' Dr. Cheng Yu Tung, is a director, directly held 16,514,500 Shares, representing approximately 1.19% of the issued share capital of the Company; and (iii) Mr. Cheng Ming Kit (being a relative of the ultimate beneficial owner of Max Sun, Dato' Dr. Cheng Yu Tung) directly held 1,000 Shares, representing approximately 0.00007% of the issued share capital of the Company. Max Sun, Chow Tai Fook Enterprises Limited, Mr. Cheng Ming Kit and the associates of each of them, with a material interest in the Arrangement, have abstained from voting at the SGM. Further, since all the percentage ratios (within the meaning of the Listing Rules) in respect of the payment of underwriting commission by the Company to Max Sun pursuant to the Underwriting Agreement are less than 5% and the amount of the said commission is less than HK\$3,000,000, such payment is fully exempt from the relevant requirements under Chapter 14A of the Listing Rules according to Rule 14A.76 (1)(c) of the Listing Rules.

### Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send the Offering Documents to the Qualifying Shareholders, and the Offering Memorandum, for information only, to the Excluded Shareholders on the Offering Memorandum Posting Date.

The last day of dealings in the Shares on a cum-entitlement basis was Wednesday, 24 December 2014. The Shares have been dealt in on an ex-entitlement basis from Monday, 29 December 2014. The register of members of the Company was closed on Wednesday 31 December 2014 to determine the eligibility of the Open Offer and the entitlements of the Qualifying Shareholders to the Open Offer. Accordingly, no transfer of Shares was registered during that period. The Record Date was Wednesday, 31 December 2014.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

## LETTER FROM THE BOARD

### Excluded Shareholders and rights of Overseas Shareholders

The Offering Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction.

As at the Record Date, based on the register of members of the Company, there were two Shareholders whose registered addresses were in the PRC and one Shareholder whose registered address was in the Cayman Islands holding 300,000 Shares and 13,884,000 Shares, respectively.

The Company has complied with all necessary requirements specified in Rule 13.36(2)(a) of the Listing Rules (including notes 1 and 2 thereto) and has made enquiry with its legal advisers regarding the feasibility of extending the Open Offer to the Overseas Shareholders under the laws of the relevant place and the requirements of the relevant regulatory body or the stock exchange.

Based on the advice provided by the legal advisers on the laws of PRC, the issue of Shares pursuant to the Open Offer to the Shareholders whose address as appeared in the register of members of the Company are in the PRC (the “**PRC Shareholders**”) does not constitute securities offering in the PRC, and the Offering Documents do not constitute an offering document/memorandum in the PRC under PRC laws. Therefore, the offering of the Offer Shares does not require any approval or permit of, or registration or filing with any PRC governmental or regulatory authorities under PRC securities laws. As such, the Open Offer can be extended to the Overseas Shareholders with addresses registered in the register of members of the Company on the Record Date in the PRC as there are no restrictions, or no onerous restrictions, or there are relevant exemptions available in relation to the offer of the Offer Shares to the Overseas Shareholders in such jurisdiction. Therefore, the Directors have decided to extend the Open Offer to such Overseas Shareholders in the PRC.

Based on the advice provided by the legal advisers on the laws of Cayman Islands, the making of the Open Offer (in the manner as advised by the Cayman legal advisers) available to Shareholders whose addresses as appeared in the register of members of the Company are in the Cayman Islands (the “**Cayman Shareholders**”) and the issue of Shares pursuant to the Open Offer to the Cayman Shareholders, will not violate any applicable law, regulation, order or decree in the Cayman Islands; and no order, consent, approval, licence, authorisation or validation of or exemption by or filing with any government or public body or authority of the Cayman Islands or any sub-division thereof is required to authorise or is required in connection with the making of the Open Offer available to the Cayman Shareholders and the issue of Shares pursuant to the Open Offer to the Cayman Shareholders. As such, the Open Offer can be extended to the Overseas Shareholder with address registered in the register of members of the Company on the Record Date in the Cayman Islands as there are no restrictions, or no onerous restrictions, or there are relevant exemptions available in relation to the offer of the Offer Shares to the Overseas Shareholders in such jurisdiction. Therefore, the Directors have decided to extend the Open Offer to such Overseas Shareholders in the Cayman Islands.

It is the responsibility of the Shareholders, including such Overseas Shareholder, to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Shares issued pursuant to the Open Offer.



## LETTER FROM THE BOARD

The Company will send copies of this Offering Memorandum, but not the Application Form, to the Excluded Shareholders for their information only.

### **Subscription Price**

The Subscription Price of HK\$0.17 per Offer Share is payable in full upon application of the relevant assured allotment of the Offer Shares.

The Subscription Price represents:

- (a) a discount of approximately 53.42% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 55.03% to the average closing price of HK\$0.378 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 56.30% to the average closing price of approximately HK\$0.389 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 43.33% to the theoretical ex-entitlement price of approximately HK\$0.30 per Share based on the closing price per Share of HK\$0.365 as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriters with reference to the prevailing market prices of the Shares, the financial conditions of the Company and current market conditions. Each Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Basis of assured allotment**

The basis of the assured allotment shall be one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form and lodging the same with the remittance for the Offer Shares being applied for.

### **Fractions of the Offer Shares**

Entitlement to Offer Shares will be rounded down to the nearest whole number. Assured allotments of fractions of the Offer Shares will not be offered but may be aggregated and taken up by the Underwriters. The Company will not provisionally allot any fractions of the Offer Shares.



## **LETTER FROM THE BOARD**

### **No Application for excess Offer Shares**

The Qualifying Shareholders will not be entitled to apply for any Offer Shares in excess of their respective Offer Shares under the Open Offer. All Offer Shares (other than the Committed Shares) not taken up by the Qualifying Shareholders and not available to the Excluded Shareholders are underwritten by the Underwriters.

Given that each Qualifying Shareholder will be given equal and fair opportunity to participate in the Open Offer, the Board (excluding Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Ming Kit who have abstained from voting on the relevant Board resolutions approving the Underwriting Agreement, the Open Offer and all matters contemplated thereunder) considers that it will put in additional effort, time and costs to administer the excess application procedures, which is not cost effective from the viewpoint of the Company and the Company would like to simplify the administration procedures. Max Sun acts as an Underwriter and has undertaken to subscribe for the Committed Shares pursuant to the Irrevocable Undertaking in support of the Open Offer. The Company understands that Max Sun saw this as an appropriate opportunity to increase its shareholding in the Company.

### **Status of the Offer Shares**

The Offer Shares, when allotted, issued and fully-paid, will rank pari passu in all respects with all the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Offer Shares.

### **Share certificates for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted by ordinary mail to the Qualifying Shareholders by Friday, 30 January 2015 at such Shareholders' own risk.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares will continue to be traded in the existing board lot of 2,000 Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees and other applicable fees and charges in Hong Kong.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participations of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## LETTER FROM THE BOARD

All necessary arrangements will be made to enable the Offer Shares in their fully paid form to be admitted into CCASS. The first day of dealings in the Offer Shares is expected to commence on Monday, 2 February 2015.

### UNDERWRITING ARRANGEMENT AND UNDERTAKINGS

#### The Underwriting Agreement

Date:	21 November 2014
Underwriters:	(i) Max Sun; and (ii) CESHK
Number of Offer Shares underwritten:	Not less than 560,438,442 Offer Shares (assuming that none of the outstanding Share Options, Warrants and Convertible Securities will be exercised on or before the Record Date and having taken into account of the Committed Shares); and  not more than 632,386,234 Offer Shares (assuming that all of the outstanding Share Options (excluding the ED Share Options), Warrants (excluding the Max Sun Warrants) and Convertible Securities will be exercised in full on or before the Record Date and having taken into account of the Committed Shares).
Commission:	An underwriting commission at the rate of two point five per cent. (2.5%) to each of Max Sun and CESHK of the total Subscription Price of (i) as to Max Sun, 275,048,307 Underwritten Shares, being the maximum number of Underwritten Shares to be taken up by Max Sun; and (ii) as to CESHK, 357,337,927 Underwritten Shares, being the maximum number of Underwritten Shares to be taken up by CESHK (as the case may be) together with all costs, fees and out-of-pocket expenses properly incurred by them in connection with the underwriting of the Underwritten Shares and agreed in advance by the Company in writing. CESHK shall be responsible for paying any commissions, costs, fees and expenses in respect of any sub-underwriting of CESHK's portion of the Underwritten Shares pursuant to the Underwriting Agreement.

The said commission rate was determined after arm's length negotiation between the Company and the Underwriters with reference to the existing financial position of the Group, the size of the Open Offer, and the current and expected market condition. The Directors (excluding Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Ming Kit, who were required to abstain from voting in the relevant Board resolutions approving the Underwriting Agreement,

## LETTER FROM THE BOARD

the Open Offer and all matters contemplated thereunder) consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

Pursuant to the Underwriting Agreement and subject to the terms and condition thereof, the Offer Shares not taken up by the Qualifying Shareholders will be fully underwritten by the Underwriters in the following manner (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date and having taking into account of the Committed Shares):

- (a) firstly, Max Sun shall underwrite up to such number of the Offer Shares not taken up by the Qualifying Shareholders (other than Committed Shares) under the Open Offer (the “**Untaken Shares**”) which, when aggregated with the number of Shares (including the Committed Shares) to be held by Max Sun and persons acting in concert with it, shall not at any time represent 30% or more of the issued share capital of the Company as enlarged by the Open Offer, i.e. (i) not less than 210,316,879 Offer Shares (assuming that none of the outstanding Share Options, Warrants and Convertible Securities will be exercised on or before the Record Date), and (ii) not more than 275,048,307 Offer Shares (assuming that all of the outstanding Share Options (excluding the ED Share Options), Warrants (excluding the Max Sun Warrants) and Convertible Securities will be exercised in full on or before the Record Date); and
- (b) secondly, CESHK shall underwrite all the remaining balance of the Untaken Shares that are not underwritten by Max Sun pursuant to paragraph (a) above, i.e. (i) not less than 350,121,563 Offer Shares (assuming that none of the outstanding Share Options, Warrants and Convertible Securities will be exercised on or before the Record Date, Max Sun will subscribe for all the Committed Shares and underwrite 210,306,879 Offers Shares), and (ii) not more than 357,337,927 Offer Shares (assuming that all of the outstanding Share Options (excluding the ED Share Options), Warrants (excluding the Max Sun Warrants) and Convertible Securities will be exercised in full on or before the Record Date, Max Sun will subscribe for all the Committed Shares and underwrite 275,048,307 Offers Shares).

The obligations imposed on the Underwriters in respect of the Underwritten Shares shall be several only, and not joint, nor joint and several.

Having taken into account of the Committed Shares and the Offer Shares to be underwritten by Max Sun, an aggregate of not less than 342,390,434 Offer Shares (assuming that none of the outstanding Share Options, Warrants and Convertible Securities will be exercised on or before the Record Date); and an aggregate of not more than 407,121,862 Offer Shares (assuming that all of the outstanding Share Options (excluding the ED Share Options), Warrants (excluding the Max Sun Warrants) and Convertible Securities will be exercised in full on or before the Record Date) shall be subscribed and underwritten by Max Sun if the Qualifying Shareholders shall not take up their Offer Shares under the Open Offer.

## LETTER FROM THE BOARD

### The Underwriters and undertakings

Max Sun is principally engaged in investment holding, which does not include underwriting. As at the Latest Practicable Date, (i) Max Sun was a substantial Shareholder and directly held 264,147,110 Shares, representing approximately 19.07% of the issued share capital of the Company; (ii) Chow Tai Fook Enterprises Limited, of which the ultimate beneficial owner of Max Sun, Dato' Dr. Cheng Yu Tung, is a director, directly held 16,514,500 Shares, representing approximately 1.19% of the issued share capital of the Company; and (iii) Mr. Cheng Ming Kit (being a relative of the ultimate beneficial owner of Max Sun, Dato' Dr. Cheng Yu Tung) directly held 1,000 Shares, representing approximately 0.00007% of the issued share capital of the Company. Max Sun also held certain Warrants (the "**Max Sun Warrants**") issued by the Company on 16 July 2012 in the aggregate principal amount of HK\$105,000,000 expiring on 15 July 2017, all of which were still outstanding as at the Latest Practicable Date. Pursuant to the Irrevocable Undertaking, Max Sun had undertaken not to exercise the Max Sun Warrants between the date of the Irrevocable Undertaking and completion of the Open Offer. As at the Latest Practicable Date, none of the Max Sun Warrants has been exercised.

CESHK is a licensed corporation to carry on business in Type 1 regulated activity (dealing in shares) under the SFO, the principal activities of which include underwriting. CESHK may, at its sole and absolute discretion, appoint sub-agent(s) or sub-underwriter(s) to sub-underwrite those part of its Underwritten Shares. Insofar as the Company is aware, as at the Latest Practicable Date, CESHK had appointed Chen Mei Mei, Cheung Oi Yi, Convoy Investment Services Limited, Cheung Yuk Lui Cynthia, Ip Sze Man Vivica and Wong Tai Chi as sub-underwriters. The Company understands that each of the said sub-underwriters shall sub-underwrite from approximately 1.48% to 15.29% of the Offer Shares (representing approximately 0.49% to 5.10% of the enlarged share capital of the Company upon completion of the Open Offer), its respective ultimate beneficial owners are independent to the Company and its connected persons and, save for Convoy Investment Services Limited, its principal activities do not include underwriting. Any commission, costs, fees and expenses incurred by CESHK in connection with any sub-underwriting arrangement shall be borne by CESHK only.

CESHK has confirmed with the Company that (i) it does not hold and is not interested in any Shares; and (ii) it and each of its directors and ultimate beneficial shareholder(s) are independent third parties independent of, not acting in concert with the Company, and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates or connected persons of the Company at the date of the Underwriting Agreement and upon completion of the Open Offer.

Pursuant to the Underwriting Agreement, Max Sun and/or CESHK (as the case may be) also undertake(s) and confirm(s) to the Company, among others, that:

- (a) Max Sun confirms that its obligation to subscribe for the Underwritten Shares pursuant to the Underwriting Agreement is for its own account and it shall not hold the Company to be responsible for any loss or damage to any persons arising from any such transaction except where such loss or damage arises from any breach by the Company of its obligations under the Underwriting Agreement or the fraud, gross

## LETTER FROM THE BOARD

negligence or wilful default or omission of the Company. Max Sun undertakes that it shall fully comply with all applicable laws, rules and regulations, including without limitation the Listing Rules and Takeovers Code, and its constitutional documents and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of its Directors to be in breach of any applicable laws, rules and regulations;

- (b) in acting as agent of the Company under the Underwriting Agreement, CESHK undertakes that it shall fully comply with all applicable laws, rules and regulations, including without limitation the Listing Rules and Takeovers Code, and its constitutional documents and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of its Directors to be in breach of any applicable laws, rules and regulations and in particular, but without prejudice to the generality of the foregoing, shall ensure that all offers made by it of the Offer Shares are made only in compliance with all applicable laws, rules and regulation and do not require the registration, filing or compliance with the applicable laws, rules and regulations in respect of the Offering Documents or any of them or any other document as a prospectus or otherwise in any jurisdiction other than Hong Kong (if required under the Companies (Winding Up and Miscellaneous Provisions Ordinance) and CESHK shall not make or purport to make on behalf of the Company any representation, warranty or undertaking not contained in the Offering Documents. CESHK further undertakes that any sub-underwriters appointed by it for sub-underwriting its Underwritten Shares shall comply with the said undertakings;
- (c) each of the Underwriters undertakes to the Company that it will not without first having obtained the prior written consent of the Company transfer or otherwise dispose (including without limitation the creation of any option, charge or other encumbrances or rights over or in respect of) or acquire (except by taking up the Offer Shares underwritten by it and pursuant to the Underwriting Agreement and in the case of Max Sun, pursuant to the Irrevocable Undertaking or acquiring Shares in circumstances which do not contravene the Listing Rules or qualify as a disqualifying transaction under the Takeovers Code) any Shares or any interest or voting rights therein between the date of the Underwriting Agreement and the Latest Time for Acceptance; and
- (d) each of the Underwriters further undertakes to the Company that if the subscription for the Offer Shares by the Underwriters pursuant to the Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules, the Underwriters shall, jointly and severally, subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are independent third parties not connected with the directors, chief executive and substantial Shareholders or its subsidiaries or any of their respective associates (all of which within the meaning of the Listing Rules)) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriters under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules.

## LETTER FROM THE BOARD

CESHK further undertakes with the Company that:

- (i) it shall use all reasonable endeavours to provide and ensure that each of the subscribers or sub-underwriters of the Underwritten Shares procured by it under the Underwriting Agreement shall, save for corporation(s) controlled by it, be third parties independent of, not acting in concert with it, Max Sun, the Company, their respective directors and shareholders and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates or connected persons of the Company and is not a connected person of the Company (all of which within the meaning of the Listing Rules); and
- (ii) it will ensure that each of the subscribers or sub-underwriters (including any direct and indirect sub-underwriters) of the Offer Shares will not, together with any party acting in concert with it or its associates (within the meaning of the Takeovers Code), hold 30% or more of the voting rights of the Company or (save and except for Max Sun) become a substantial shareholder (as defined in the Listing Rules) of the Company immediately upon completion of the Open Offer.

### **Irrevocable Undertaking**

On the date of the Announcement, Max Sun had irrevocably undertaken to each of the Company and CESHK, among others that:

- (i) it shall remain as the beneficial owner of a total of 264,147,110 Shares up to and including the Latest time for Acceptance; and it, together with the parties acting in concert with it, shall remain as the beneficial owner of a total of 280,662,610 Shares up to and including the Latest time for Acceptance;
- (ii) it shall accept, subscribe and pay for the Committed Shares, and undertake to lodge with the Company its acceptance for the Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance in the manner as set out in the Offering Documents; and
- (iii) it will not exercise the subscription rights attaching to any of the Max Sun Warrants, or transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Shares, any interest or voting rights in the Company (save for the Committed Shares to be subscribed by it pursuant to the Open Offer or otherwise pursuant to the Underwriting Agreement) between the date of the Irrevocable Undertaking and completion of the Open Offer.

Save for the Irrevocable Undertaking, the Board has not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up their respective Offer Shares under the Open Offer. As at the Latest Practicable Date, none of the Max Sun Warrants has been exercised.



## LETTER FROM THE BOARD

### ED Undertakings

On the date of the Announcement, each of Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Ming Kit had given his irrevocable undertaking (together, the “**ED Undertakings**”) to each of the Company, Max Sun and CESHK that he would not exercise any of the ED Share Options, or transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Shares, any interest or voting rights in the Company between the date of the ED Undertakings and completion of the Open Offer. As at the Latest Practicable Date, none of the ED Share Options has been exercised.

### Conditions of the Open Offer

The obligations of the Underwriters under the Underwriting Agreement are conditional upon:

- (1) the Company having despatched the SGM Circular and the proxy form for use at the SGM to Shareholders containing, among other matters, details of the Open Offer;
- (2) the passing by the Shareholders at the SGM by way of poll of the necessary resolution(s) approving, among others, the Arrangement;
- (3) (if required under the Companies (Winding Up and Miscellaneous Provisions) Ordinance) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong, respectively, one copy of each of the Offering Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution(s) of the Directors (and all other documents required to be attached thereto) not later than the Offering Memorandum Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (4) the posting of the Offering Documents to the Qualifying Shareholders and the posting of the Offering Memorandum for information only to the Excluded Shareholders on the Offering Memorandum Posting Date;
- (5) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Offer Shares by no later than the first day of their dealings as stated in the Offering Memorandum;
- (6) compliance with and performance of all undertakings and obligations of the Company pursuant to the terms and conditions of the Underwriting Agreement;
- (7) compliance with and performance of all undertakings and obligations of the Underwriters, respectively, pursuant to the terms and conditions of the Underwriting Agreement; and
- (8) the obligations of the Underwriters under the Underwriting Agreement not being terminated by the Underwriters in accordance with the terms hereof.

## LETTER FROM THE BOARD

Save for the condition (7) above which can be waived by the Company (to the extent such condition is waivable) and conditions (6) and (8) above which can be jointly waived by the Underwriters (to the extent such conditions are waivable), none of the above conditions can be waived by the Company or the Underwriters. If the conditions precedent are not fully satisfied (or waived, as the case may be) by the Latest Time for Termination or such other date and time as the Company and the Underwriters may agree, the Underwriting Agreement shall be terminated and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches, and the Open Offer will not proceed. As at the Latest Practicable Date, the conditions (1) and (2) above have been satisfied.

### **Termination or rescission of the Underwriting Agreement**

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of any of the Underwriters, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of any of the Underwriters, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of any of the Underwriters, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
  - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of any of the Underwriters are likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or



## LETTER FROM THE BOARD

- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of any of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or in the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement, SGM Circular or the Offering Documents or other announcements or circulars in connection with the Open Offer; or
- (5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of any of the Underwriters are material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the relevant Offer Shares offered to it,

each of the Underwriters shall be entitled to by notice in writing to the Company and the other Underwriter, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement and no party shall have any claim against an other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Any of the Underwriters shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

**Any such notice shall be served by any of the Underwriters to the Company prior to the Latest Time for Termination. Upon termination or rescission of the Underwriting Agreement, the Open Offer will not proceed.**

## LETTER FROM THE BOARD

### WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional, among others, upon the fulfillment of the conditions set out in the section headed “Conditions of the Open Offer”. In particular, the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination or rescission of the Underwriting Agreement”. Accordingly, the Open Offer may or may not proceed. Any dealing in the Shares from the date of this Offering Memorandum up to the date on which all the conditions of the Open Offer are fulfilled are accordingly subject to the risk that the Open Offer may not become unconditional or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

### FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not undertaken any fund raising activity in the past twelve months immediately preceding the Latest Practicable Date.

### REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The principal activity of the Company is investment holding, and its subsidiaries are mainly engaged in general trading, oil exploration and exploitation, energy and natural resources related business. Recently, the Company is developing an oil service arm. It will also dispose of its downstream business to focus on the upstream business.

As at the Latest Practicable Date, the net proceeds of the Open Offer are estimated to be approximately HK\$113.9 million, which are equivalent to the net price of approximately HK\$0.16 per Offer Share. The net proceeds are intended to be used, as to approximately HK\$35.9 million, for the general working capital and, as to approximately HK\$78 million, to strengthen the business in Argentina and/or other jurisdiction and to prepare for acquisitions and drillings in Argentina when the suitable opportunities arise.

The Group has used various means of financing including issuance of bonds and notes for the purpose of general working capital during the year of 2014. The Open Offer will strengthen the Company’s capital base and enhance its financial position. The Board considers that the Open Offer, as a means of equity financing, is an appropriate means on fair basis to provide all the Shareholders an equal opportunity to maintain their proportionate interest in the Company and participate in the future growth and development of the Company, if they so wish. In this regard, the Directors are of the view that the Open Offer is the preferred means of fund raising and is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### CHANGES IN THE SHAREHOLDING STRUCTURE

The table below sets out the shareholding structures of the Company as at the Latest Practicable Date and, for illustrative purpose, under various scenarios immediately after the Open Offer:

	As at the Latest Practicable Date		Immediately after the Open Offer (assuming nil application by Shareholders, other than the Underwriters)		Immediately after the Open Offer (assuming full application by Shareholders)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Substantial Shareholders</b>						
Max Sun	264,147,110	19.07	606,537,544	29.20	396,220,665	19.07
Parties acting in concert with Max Sun <sup>Note</sup>	16,515,500	1.19	16,515,500	0.79	24,773,250	1.19
Max Sun and parties acting in concert with it <sup>Note</sup>	280,662,610	20.26	623,053,044	29.99	420,993,915	20.26
<b>Public Shareholders</b>						
CESHK	0	0	350,121,563	16.85	0	0
Other public Shareholders	<u>1,104,361,385</u>	<u>79.74</u>	<u>1,104,361,385</u>	<u>53.16</u>	<u>1,656,542,077</u>	<u>79.74</u>
	<u>1,385,023,995</u>	<u>100</u>	<u>2,077,535,992</u>	<u>100</u>	<u>2,077,535,992</u>	<u>100</u>

*Note:* As at the Latest Practicable Date, (i) Max Sun was a substantial Shareholder and directly held 264,147,110 Shares, representing approximately 19.07% of the issued share capital of the Company; and (ii) Chow Tai Fook Enterprises Limited, of which the ultimate beneficial owner of Max Sun, Dato' Dr. Cheng Yu Tung, was a director, directly held 16,514,500 Shares, representing approximately 1.19% of the issued share capital of the Company; and (iii) Mr. Cheng Ming Kit (being a relative of the ultimate beneficial owner of Max Sun, Dato Dr. Cheng Yu Tung) directly held 1,000 Shares, representing approximately 0.00007% of the issued share capital of the Company. Max Sun also held the Max Sun Warrants, and Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Ming Kit also held the ED Share Options.

### FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in: (i) trading of oil products; (ii) exploration of natural resources; (iii) oil exploration and production; and (iv) distribution of natural gas. In order to streamline the Group's corporate structure and cement its upstream asset base, as set out in the joint announcement of the Company and Blue Sky Power Holdings Limited dated 7 October 2014 and the circular of the Company dated 5 December 2014, the Group has reached an agreement with Blue Sky Power Holdings Limited for the disposal of the entire downstream liquefied natural gas (LNG)/compressed natural gas (CNG) business (the "Disposal"). Upon the Disposal being completed, the Group will cease to participate in the distribution of natural gas business, and will focus on the remaining business, as well as looking for potential investment opportunities in the world.

## **LETTER FROM THE BOARD**

For the year ended 31 December 2013, the net loss of the Group amounted to approximately HK\$31.82 million. For the six months ended 30 June 2014, the net loss of the Group amounted to approximately HK\$47.66 million.

### **Upstream business**

The Group will drill exploratory wells in the Morillo block to examine and identify for oil and gas reserves as planned, and also, continue workover the wells in the Palmar Largo to enhance the present production level.

### **Trading business**

The Group will continue operating in its resources-related trading business and devote more efforts to restore and unlock growth potential of the business.

Looking forward, the Group will:

- continue workover the wells in Palmar Largo to enhance the present production level;
- drill exploratory wells in the Morillo block to examine and identify for oil and gas reserves; and
- devote more resources to recover our resource-related trading business as before.

In addition, the Group will continue to look for strategic acquisitions and partnership opportunities in line with its expansion strategy or provide synergy to its principal business activities. The Group will also seek for new investment opportunities to enhance the shareholders' value.

## **RISK FACTOR**

### **Unpredictable fluctuation in crude oil prices**

The international crude oil prices have recorded a substantial decrease in recent months due to (i) the increase in oil supplies from countries in key oil regions including but not limited to Libya, Iraq and Iran; and (ii) the weakened demand of crude oil in Europe and Asia. Such instability and fluctuations in the international crude oil prices may possibly have a material and unforeseeable impact on the crude oil selling prices and upstream oil and gas businesses of the Group in the future which may possibly lead to the business, financial condition, result of operations and prospects of the Group being materially and adversely affected. Potential impairment loss on goodwill or some other relevant assets of the Group may possibly be recorded if any assessment result on these assets are turned out to be negative.

### **Unpredictable result in future oil and gas reserves available**

The oil and gas assets owned by the Group substantially consist of prospective resources, which involve quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations. The value of such prospective resources and future oil and gas

<b>LETTER FROM THE BOARD</b>
------------------------------

reserves available may vary significantly from the current result if revision is made following interpretation of further data acquired. Such uncertainty in future oil and gas reserves available may possibly have material and unforeseeable impact on the upstream businesses, financial result and prospects of the Group.

### **ADJUSTMENTS RELATING TO SHARE OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES**

As at the Latest Practicable Date, the Company had (i) an outstanding of 21,384,000 Share Options; (ii) outstanding Warrants of aggregate principal amount of HK\$127,684,200 which entitled the holders thereof to subscribe for 134,370,000 fully paid Shares; and (iii) outstanding Convertible Securities of aggregate principal amount of HK\$83,475,000 which entitled the holders thereof to subscribe for 100,485,583 fully paid Shares.

As a result of the Open Offer, certain adjustments would be made to the exercise prices and the number of outstanding Share Options, subscription prices and the number of outstanding Warrants, and the conversion price of the Convertible Securities pursuant to the relevant terms of the Share Option Scheme, the Warrants and the Convertible Securities, respectively.

#### **Adjustment to the outstanding Share Options**

With reference to the provisions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding the interpretation of Rule 17.03(13) of the Listing Rules, the exercise price of the outstanding Share Options and the number of Shares that can be subscribed for upon the exercise of the outstanding Share Options will be adjusted in the following manner:

<b>Date of grant</b>	<b>Before the Open Offer</b>		<b>Upon completion of the Open Offer</b>	
	<b>Exercise price</b>	<b>Number of shares that can be subscribed for upon exercise of the outstanding Share Options</b>	<b>Adjusted exercise price</b>	<b>Adjusted number of shares that can be subscribed for upon exercise of the outstanding Share Options</b>
24 January 2013	HK\$0.99	400,000	HK\$0.889	445,600
30 December 2013	HK\$0.75	20,984,000	HK\$0.673	23,376,176

The auditor of the Company has certified in writing the arithmetic accuracy of the calculation of the adjustments to the exercise price of the outstanding Share Options and the number of Shares that can be subscribed for upon the exercise of the outstanding Share Options in accordance with Hong Kong Standard on Related Services 4400 “Engagement to

<b>LETTER FROM THE BOARD</b>
------------------------------

Perform Agreed Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants and reported their factual findings, if any, to the Directors.

**Adjustments to the outstanding Warrants**

Immediately prior to the Open Offer, the Company had outstanding Warrants of an aggregate principal amount of HK\$127,684,200 which entitled the holders thereof to subscribe for 134,370,000 fully paid Shares. As a result of the Open Offer, the subscription price of the outstanding Warrants will be adjusted in the following manner pursuant to the terms of the instrument relating to the Warrants.

<b>Date of issue</b>	<b>Before the Open Offer</b>		<b>Upon completion of the Open Offer</b>	
	<b>Subscription price</b>	<b>Number of shares that can be subscribed for upon exercise of the outstanding Warrants</b>	<b>Adjusted subscription price</b>	<b>Adjusted number of shares that can be subscribed for upon exercise of the outstanding Warrants</b>
16 July 2012	HK\$1.05	100,000,000	HK\$0.86	122,093,023
5 July 2013	HK\$0.66	34,370,000	HK\$0.595	38,124,705

The auditor of the Company has certified in writing the arithmetic accuracy of the calculation of the adjustment to the subscription price of the outstanding Warrants and the number of Shares that can be subscribed for upon exercise of the outstanding Warrants in accordance with Hong Kong Standard on Related Services 4400 “Engagement to Perform Agreed Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants and reported their factual findings, if any, to the Directors.

<b>LETTER FROM THE BOARD</b>
------------------------------

### Adjustments to the Convertible Securities

Immediately prior to the Open Offer, the Company had outstanding Convertible Securities of an aggregate principal amount of HK\$83,475,000 which entitled the holders thereof to subscribe for 100,485,583 fully paid Shares. As a result of the Open Offer, the conversion price of the Convertible Securities will be adjusted in the following manner pursuant to the terms of the instrument relating to the Convertible Securities:

<b>Date of issue</b>	<b>Before the Open Offer</b>		<b>Upon completion of the Open Offer</b>	
	<b>Conversion price</b>	<b>Number of shares that can be issued upon conversion of the Convertible Securities</b>	<b>Adjusted conversion price</b>	<b>Adjusted number of shares that can be issued upon conversion of the Convertible Securities</b>
13 March 2013	HK\$0.90	37,194,444	HK\$0.735	45,544,217*
3 July 2013	HK\$0.79	63,291,139	HK\$0.65	76,923,076

The auditor of the Company has certified in writing the arithmetic accuracy of the calculation of the adjustments to the conversion price of the Convertible Securities and the number of Shares that can be issued upon conversion of the Convertible Securities in accordance with Hong Kong Standard on Related Services 4400 “Engagement to Perform Agreed Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants and reported their factual findings, if any, to the Directors.

*Note* \*: The Company has confirmed with the relevant holder of the Convertible Securities such that it will not exercise the conversion rights attached to the relevant part of the Convertible Securities and the Company will, before the commencement of dealings in the Offer Shares, issue promissory note in the principal amount of HK\$10,000,000 to the such holder for full settlement of the same and the interests accrued thereon (if any) and, accordingly, upon maturity of such Convertible Securities, the Company may issue a maximum of 31,938,775 Shares in aggregate. The Company confirms that the issue of the said Shares will not exceed the then general mandate granted by the Shareholders.



## LETTER FROM THE BOARD

### PROCEDURE FOR APPLICATION AND PAYMENT

For each Qualifying Shareholder, an Application Form is enclosed with this Offering Memorandum which entitles you to subscribe for the number of the Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance.

If you as a Qualifying Shareholder wishes to exercise your right to subscribe for all number of the Offer Shares in your entitlement of Offer Shares or any number of the Offer Shares less than your entitlement of Offer Shares to which you are entitled, you must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Thursday, 22 January 2015 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected timetable" in this Offering Memorandum). All remittance(s) must be made in Hong Kong dollars. Cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**New Times Energy Corporation Limited — Open Offer Account**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar by 4:00 p.m. on Thursday, 22 January 2015 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected timetable" in this Offering Memorandum), the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

All cheques and banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of the Application Form together with a cheque or banker's cashier order in payment of the Offer Shares being applied for will constitute a warranty that the cheque or banker's cashier order will be honoured upon first presentation. Any Application Form in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlement of Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the Qualifying Shareholders and is not transferable. No receipt will be issued in respect of any application monies received. If the Underwriting Agreement is terminated before the Latest Time for Termination, the Open Offer will not proceed and the monies received in respect of acceptances of the Offer Shares without interest will be returned to the Qualifying Shareholders, by means of cheques crossed "**Account Payee Only**" to be despatched by ordinary post to their registered addresses and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members of the Company at their own risk on or before Friday, 30 January 2015.



## **LETTER FROM THE BOARD**

Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the information contained in the appendices to this Offering Memorandum.

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

## 1. THREE-YEAR FINANCIAL INFORMATION

Details of the financial information of the Group for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 are disclosed in the annual reports of the Company for the years ended 31 December 2011, 2012 and 2013 and the interim report of the Company for the six months ended 30 June 2014, respectively. These annual reports and interim report are published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.nt-energy.com>):

- annual report of the Company for the year ended 31 December 2011 published on 11 April 2012 (pages 34–145);
- annual report of the Company for the year ended 31 December 2012 published on 16 April 2013 (pages 34–153);
- annual report of the Company for the year ended 31 December 2013 published on 23 April 2014 (pages 51–192); and
- interim report of the Company for the six months ended 30 June 2014 published on 5 September 2014 (pages 4–42).

### Acquisition of Palmar Largo UTE Interest

As disclosed in the announcement of the Company dated 26 February 2014, on 26 February 2014, the Group completed its acquisition of 38.15% participating interest in Palmar Largo UTE (the “**Palmar Largo UTE Interest**”), and an aggregate consideration of AR\$105,425,000 (equivalent to approximately HK\$103,866,000) was paid by the Group fully in cash. The Palmar Largo UTE Interest consists of (i) rights and obligations arising from the joint venture contract that aims at the exploration, development and exploitation of hydrocarbons in the Palmar Largo concession area; and (ii) interest in the production equipment and facilities required to perform and execute in the exploration, development and exploitation of hydrocarbons in Palmar Largo block and Balbuena Este block located in Noroeste Basin in Argentina.

Reference is made to the Company’s circular dated 31 December 2013 in relation to the financial information of the Palmar Largo UTE Interest for each of the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013.

## 2. INDEBTEDNESS STATEMENT

### Borrowings

As at 30 November 2014, being the latest practicable date prior to the printing of this Offering Memorandum for the purpose of this indebtedness statement, the Group had outstanding borrowings of approximately HK\$445,612,000, details of which are as follows:

	<i>HK\$'000</i>
<i>Unsecured and unguaranteed</i>	
— Other borrowings	138,491
— Promissory notes	32,173
— Convertible notes	81,810
— Bonds	192,870
— Obligation under finance leases	268
<i>Authorised or created but unissued</i>	
— Bonds	266,000

### Contingent liabilities

As at 30 November 2014, being the latest practicable date prior to the printing of this Offering Memorandum for the purpose of this indebtedness statement, no member of the Group is engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any members of the Group.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 30 November 2014, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, and term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Company or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

## 3. WORKING CAPITAL

The Directors are of the opinion that, after due and careful enquiry and taking into account (i) the Group's financial resources (including but not limited to the internally generated revenue and funds) and the effect of the Disposal; (ii) the Group being able to complete the Disposal in the second quarter of the year 2015 and, whenever necessary, dispose the Convertible Bonds in the market upon receipt; (iii) the Group being able to extend the repayment dates of an aggregate of approximately HK\$53 million convertible notes for a period of not less than 12 months; and (iv) the Group being able to complete the Open Offer for a sum of net proceed not less than HK\$113.9 million during the forecast period, the Group has sufficient working capital to satisfy its present requirements for the next twelve months following the date of this Offering Memorandum in the absence of unforeseeable circumstances.

## 4. MATERIAL ADVERSE CHANGE

As at the Latest Practical Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up, save and except as disclosed in the announcement of the Company dated 14 August 2014 in respect of profit warning.

<b>APPENDIX II</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP</b>
--------------------	---

## 1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2014 as if it had taken place on 30 June 2014.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer been completed as at 30 June 2014 or at any future date.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the consolidated net assets of the Group attributable to owners of the Company as at 30 June 2014 extracted from the published unaudited condensed consolidated financial statements of the Group as at 30 June 2014 included in the Group's published interim report for the six months ended 30 June 2014 and adjusted to reflect the effect of the Open Offer.

Consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2014 <i>HK\$'000</i> <i>Note 1</i>	Add: Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>Note 2</i>	Pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Open Offer <i>HK\$'000</i>	Consolidated net tangible assets of the Group attributable to the owners of the Company per Share prior to the completion of the Open Offer <i>HK\$</i> <i>Note 3</i>	Pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share immediately after completion of the Open Offer <i>HK\$</i> <i>Note 4</i>
Based on 692,511,997 Offer Shares at Subscription Price of HK\$0.17 per Open Offer Share				
3,558,306	113,970	3,672,276	3.02	1.96

*Note 1* The consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2014 of HK\$3,558,306,000 is calculated based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2014 included in the Group's published interim report for the six months ended 30 June 2014, which is based on the consolidated net assets of the Group attributable to owners of the Company as of 30 June 2014 of HK\$3,859,980,000 after deducting intangible assets and goodwill attributable to owners of the Company of HK\$301,674,000.

<b>APPENDIX II</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP</b>
--------------------	---

*Note 2* The estimated net proceeds from the Open Offer of approximately HK\$113,970,000 are based on 692,511,997 Offer Shares to be issued at the Subscription Price of HK\$0.17 per Offer Share assuming all Offer Shares would be accepted and after deduction of the estimated related expenses of approximately HK\$3,757,000.

*Note 3* The number of Shares used for the calculation of consolidated net tangible assets of the Group attributable to the owners of the Company per Share prior to the completion of the Open Offer is based on 1,177,873,995 Shares in issue as at 30 June 2014.

*Note 4* The calculation of the pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share is based on 1,870,385,992 Shares after completion of Open Offer as if the Open Offer of 692,511,997 Shares were completed as at 30 June 2014.

*Note 5* Except for the Open Offer, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2014.

## **2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this offering memorandum.*

### **TO THE DIRECTORS OF NEW TIMES ENERGY CORPORATION LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of New Times Energy Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2014 and related notes as set out in Part 1 of Appendix II to the offering memorandum dated 7 January 2015 (the "Offering Memorandum") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part 1 of Appendix II to the Offering Memorandum.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the open offer on the basis of one offer share for every two shares held on the record date (the "Open Offer") on the Group's financial position as 30 June 2014 as if the Open Offer had taken place at 30 June 2014. As part of this process, information about the Group's financial position as at 30 June 2014 has been extracted by the Directors from the interim report of the Group for the six months ended 30 June 2014, on which no audit or review report has been published.

### **DIRECTORS' RESPONSIBILITIES FOR THE PRO FORMA FINANCIAL INFORMATION**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### **REPORTING ACCOUNTANTS' RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

<b>APPENDIX II</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP</b>
--------------------	---

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgement, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**OPINION**

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

7 January 2015



## 1. RESPONSIBILITY STATEMENT

This Offering Memorandum, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Offering Memorandum misleading.

## 2. SHARE CAPITAL

### (a) Share capital

(i) Share capital as at the Latest Practicable Date:

	Nominal value per Share	Number of Shares	Amount (HK\$)
<b>Authorised:</b>			
As at the Latest Practicable Date	0.01	200,000,000,000	2,000,000,000.00
<b>Issued and fully paid:</b>			
As at the Latest Practicable Date	0.01	1,385,023,995	13,850,239.95

(ii) Share capital upon completion of the Open Offer:

	Nominal value per Share	Number of Shares	Amount (HK\$)
<b>Authorised:</b>			
As at the Latest Practicable Date	0.01	200,000,000,000	2,000,000,000.00
<b>Issued and fully paid:</b>			
As at the Latest Practicable Date	0.01	1,385,023,995	13,850,239.95
Offer Shares to be issued pursuant to the Open Offer	0.01	692,511,997	6,925,119.97
Shares upon completion of the Open Offer	0.01	2,077,535,992	20,775,359.92

All the Shares rank pari passu with each other in all respect including the rights as to voting, dividends and return of capital.

The Offer Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with all the Shares in issue as at the date of allotment and issue of the Offer Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Offer Shares. No arrangement has been made under which future dividends are waived or agreed to be waived.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought, on any other stock exchange.

**(b) Share Options**

As at the Latest Practicable Date, the Company had the following outstanding Share Options held by the Directors and other eligible participant of the Company.

Name or category of participant	Date of grant	Exercisable period	Exercise price per Share	Number of Share Options as at the Latest Practicable Date
<i>(i) Directors</i>				
Mr. Cheng Kam Chiu, Stewart	30.12.2013	30.12.2013– 29.12.2015	HK\$0.75	6,172,000
Mr. Cheng Ming Kit	30.12.2013	30.12.2013– 29.12.2015	HK\$0.75	6,172,000
Mr. Heffner, Paul Lincoln	30.12.2013	30.12.2013– 29.12.2015	HK\$0.75	6,172,000
Mr. Wong Man Kong, Peter	30.12.2013	30.12.2013– 29.12.2015	HK\$0.75	617,000
Mr. Chan Chi Yuen	30.12.2013	30.12.2013– 29.12.2015	HK\$0.75	617,000
Mr. Yung Chun Fai, Dickie	30.12.2013	30.12.2013– 29.12.2015	HK\$0.75	617,000
Mr. Chiu Wai On	30.12.2013	30.12.2013– 29.12.2015	HK\$0.75	617,000
<i>(ii) Other eligible participant</i>				
Employee	24.01.2013	24.01.2013– 23.01.2016	HK\$0.99	400,000
Total				<u>21,384,000</u>

**(c) Warrants**

As at the Latest Practicable Date, the Company had the following outstanding Warrants:

- (i) on 16 July 2012, pursuant to the conditional warrant subscription agreement dated 29 May 2012 entered into between the Company and Max Sun, the Max Sun Warrants, being a total of 100,000,000 unlisted Warrants were issued by the Company to Max Sun at an issue price of HK\$0.02 conferring the rights to subscribe for an aggregate of 100,000,000 Shares at an exercise price of HK\$1.05 per Share. Such unlisted Warrants shall be due on 15 July 2017. As at the Latest Practicable Date, no such Max Sun Warrants were exercised; and
- (ii) on 5 July 2013, pursuant to the subscription agreement dated 19 June 2013 and the supplemental agreement dated 27 June 2013 entered into between the Company and Asia Private Credit Fund Limited (the “Investor”), a company incorporated in the Cayman Islands with limited liability, a total of 34,370,000 unlisted warrants were issued by the Company to the Investor at nil consideration conferring the rights to subscribe for an aggregate of 34,370,000 Shares at an exercise price of HK\$0.66 per Share. Such unlisted warrants shall be due on 4 July 2016. As at the Latest Practicable Date, no such Warrant was exercised.

**(d) Convertible Securities**

As at the Latest Practicable Date, the Company had the following outstanding Convertible Securities:

- (i) as detailed under note 43(a)(i) to the financial statements contained in the Company’s 2013 annual report, on 13 March 2013, the Group completed the acquisition of 100% equity interest of Golden Giants Limited for a consideration of HK\$52,342,000, which was satisfied by issued HK\$38,475,000 convertible notes and HK\$13,867,000 promissory notes. Conversion may occur at any time between 13 March 2013 to 13 March 2015. If the notes have not been converted, they will be redeemed on 13 March 2015 at HK\$0.9 each. The convertible notes are non-interest bearing.

During the year of 2013, HK\$5,000,000 convertible notes were exercised and converted into 5,555,555 Shares and as at the Latest Practicable Date, the amount of HK\$33,475,000 convertible notes were still outstanding.

- (ii) on 3 July 2013, the Company had completed a placing arrangement and issued convertible notes in the principal amount of HK\$50,000,000. Conversion may occur at any time between 3 July 2013 to 2 July 2015. If the notes have not been converted, they will be redeemed on 2 July 2015 at HK\$0.79 each. Interest of 8% will be paid up until the notes are converted or redeemed. As at the Latest Practicable Date, all such HK\$50,000,000 convertible notes were still outstanding.

Save as set out above, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

### 3. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

#### Particulars of the Directors

Name	Address
<i>Executive Directors</i>	
Mr. CHENG Kam Chiu, Stewart	Room 1402, 14/F, New World Tower I, 16–18 Queen's Road Central, Hong Kong
Mr. CHENG Ming Kit	Room 1402, 14/F, New World Tower I, 16–18 Queen's Road Central, Hong Kong
<i>Non-executive Director</i>	
Mr. HEFFNER, Paul Lincoln	1801–03, 18/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
<i>Independent Non-executive Directors</i>	
Mr. WONG Man Kong, Peter	16/F, Chinachem Century Tower, 178 Gloucester Road, Wanchai
Mr. CHAN Chi Yuen	13/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong
Mr. YUNG Chun Fai, Dickie	Room 1402, 14/F, New World Tower I, 16–18 Queen's Road Central, Hong Kong
Mr. CHIU Wai On	Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong
<i>Senior Management</i>	
Mr. Qin Ru-Guo	Room 1402, 14/F, New World Tower I, 16–18 Queen's Road Central, Hong Kong
Mr. Bian Shaoqing	Room 1402, 14/F, New World Tower I, 16–18 Queen's Road Central, Hong Kong
Mr. Manley Poon	16427 N Scottsdale Road Suite 410 Scottsdale, AZ 85254, USA
Mr. Wang Yuan	26915 Sandy Arbor Ln. Katy, TX77494, USA
Mr. Wan Tat Bond	Room 1402, 14/F, New World Tower I, 16–18 Queen's Road Central, Hong Kong
Mr. Lai Chi Fung	Room 1402, 14/F, New World Tower I, 16–18 Queen's Road Central, Hong Kong
Ms. Tsang Tsz Ying, Fion	Room 1402, 14/F, New World Tower I, 16–18 Queen's Road Central, Hong Kong

## Biographies of the Directors

### *Executive Directors*

**Mr. CHENG Kam Chiu, Stewart**, aged 60, was appointed an Executive Director in February 2008 and the Chairman of the Company in May 2009. Mr. Cheng holds a Bachelor's degree in Civil and Environmental Engineering from the University of Wisconsin-Madison; a Master's degree in Civil Engineering from the University of California, Berkeley, USA; and a Master's degree in Business Administration from the Chinese University of Hong Kong. Being a member of The Hong Kong Institution of Engineers, Mr. Cheng is a professional engineer with extensive experience in property development and construction management. Mr. Cheng is a member of the Shunde District, Foshan City Committee of the Chinese People's Political Consultative Conference since November 2006.

Mr. Cheng joined Hip Hing Construction Company Limited in 1984 as a project manager and was subsequently appointed a director. From 1993 to 1997, Mr. Cheng was transferred to New World Development (China) Limited as a director and an assistant general manager, overseeing property development in the PRC. He was a director of NWS Service Management Limited (formerly known as "New World Services Limited") from 1997 to 2006, and was mainly responsible for the construction and the electrical and mechanical engineering businesses and pursuing business opportunities in the PRC. Mr. Cheng is the managing director of Cheung Hung Development (Holdings) Limited, principally engaging in property development in both Hong Kong and the PRC. He is currently an executive director of International Entertainment Corporation and was an executive director of Grand T G Gold Holdings Limited from November 2008 to May 2009, which shares are listed on the Stock Exchange.

Mr. Cheng is the nephew of Dato' Dr. Cheng Yu-Tung, *GBM*, the ultimate beneficial owner of Max Sun, and the uncle of Mr. Cheng Ming Kit, an Executive Director and the Chief Executive Officer of the Company.

**Mr. CHENG Ming Kit**, aged 40, was appointed an Executive Director in October 2009 and the Chief Executive Officer of the Company in March 2012. Mr. Cheng holds a Bachelor's degree in Commerce from the University of Alberta, Canada and a Master's degree in Business Administration from the University of North Carolina, Charlotte.

Mr. Cheng has over 10 years of experience in merger and acquisition, capital markets and corporate finance. He also has extensive investment and management experience in the energy business in Hong Kong, the PRC and overseas. He served various positions with New World Development Company Limited, a company listed on The Stock Exchange of Hong Kong Limited, and was responsible for corporate finance, fund raising and real estate activities in the PRC. From 2003 to 2008, Mr. Cheng was involved in the investment and operations in the gold mining industry in the PRC and held various senior positions in a mining company listed on the Toronto Stock Exchange

Venture Board with mining and exploration operations in the PRC. From November 2008 to June 2009, Mr. Cheng is currently an executive director and the chief executive officer of Blue Sky Power Holdings Limited (formerly known as “China Print Power Group Limited”) and was an executive director of Grand T G Gold Holdings Limited, which shares are listed on the Stock Exchange.

Mr. Cheng is the nephew of Mr. Cheng Kam Chiu, Stewart, an Executive Director and the Chairman of the Company.

#### *Non-executive Director*

**Mr. HEFFNER, Paul Lincoln**, aged 49, was appointed a Non-executive Director in October 2013. He has extensive experience in asset management, direct investments and entrepreneurial ventures.

Mr. Heffner is co-Founder, chief executive officer and managing partner of Adamas Asset Management (HK) Limited, a licensed corporation to carry out Type 9 (asset management) regulated activity under the SFO. Firm-wide assets under management are approximately US\$610 million. Adamas is an award winning investment firm focused on collateralized lending to growth enterprises in Greater China and absolute return strategies focused on developed markets in Asia. Adamas manages USD, RMB and JPY funds for institutional investors, family offices and shareholders of their listed company on the London Stock Exchange (ADAM.LN). The award winning investment team comprises over 30 professionals with offices in Hong Kong and Shanghai, combining significant China/Asia investment experience with global capital market exposure, deep industry knowledge and unique relationships with leading State Owned Enterprises, entrepreneurs, and government relationships.

Prior to starting Adamas, Mr. Heffner was a partner at Ajia Partners which managed over US\$2.5 billion in assets and before Ajia Partners, Mr. Heffner was a managing director for a family office in Hong Kong responsible for all technology, media and telecommunication investments. He was previously an associate director with Morgan Stanley Private Wealth Management in New York and Hong Kong and has 20 years of investment experience in Hong Kong.

Mr. Heffner obtained his MBA from Columbia Business School and graduated with Honors in Asian Studies from Trinity College in Hartford, Connecticut. Mr. Heffner was the former President of Columbia Alumni Association Hong Kong and is current board advisor.

#### *Independent Non-executive Directors*

**Mr. WONG Man Kong, Peter**, BBS, JP, aged 65, was re-designated as an Independent Non-executive Director in May 2013. He acted as a Non-executive Director from February 2008 to May 2013. Mr. Wong holds a Bachelor of Science Degree in Mechanical Engineering (Naval Architecture) from the University of California, Berkeley, USA. He was awarded the Bronze Bauhinia Star by the Government of the Hong Kong

Special Administrative Region, and was an awardee of the “Young Industrialist Award of Hong Kong”. Mr. Wong is a deputy to the National People’s Congress of the People’s Republic of China. He is also the executive vice chairman of Hong Kong Pei Hua Education Association, the executive chairman of China Chamber of Tourism, a director of Ji Nan University, and a senior member of The University of Hong Kong Foundation for Educational Development and Research.

Mr. Wong currently holds directorship in several companies listed on the Stock Exchange including a non-executive director of Hong Kong Ferry (Holdings) Company Limited, and an independent non-executive director of Glorious Sun Enterprises Limited, China Travel International Investment Hong Kong Limited, Sun Hung Kai & Company Limited, Sino Hotels (Holdings) Limited, Chinney Investments Limited, Far East Consortium International Limited and MGM China Holdings Limited. He is also the chairman of M.K. Corporation Limited and North West Development Limited, Culture Resources Development Company Limited, Silk Road Hotel Management Company Limited and Silk Road Travel Management Limited.

**Mr. CHAN Chi Yuen**, aged 48, was re-designated as an Independent Non-executive Director in May 2012. He acted as an Executive Director and the Chairman from May to October 2006 and a Non-executive Director from October 2006 to May 2012. Mr. Chan holds a Bachelor’s degree with honors in Business Administration and a Master of Science degree in Corporate Governance and Directorship. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom, and an associate of the Institute of Chartered Accountants in England and Wales. He is a practicing certified public accountant and has extensive experience in financial management, corporate finance and corporate governance.

Mr. Chan is currently an executive director of Noble Century Investment Holdings Limited and South East Group Limited, and an independent non-executive director of Asia Energy Logistics Group Limited, China Gamma Group Limited, Jun Yang Solar Power Investments Limited (formerly China Gogreen Assets Investment Limited), Media Asia Group Holdings Limited and U-RIGHT International Holdings Limited, which shares are listed on the Stock Exchange. Mr. Chan was appointed an executive director of Co-Pro Prosperity Holdings Limited on 11 December 2014. Mr. Chan was an executive director of China Sandi Holdings Limited from September 2009 to July 2014 and Kong Sun Holdings Limited from December 2011 to September 2013 and an independent non-executive director of The Hong Kong Building and Loan Agency Limited from October 2009 to February 2011, Richly Field China Development Limited from February 2009 to August 2010 and Superb Submit International Timber Company Limited (now known as Superb Submit International Group Limited) from April 2007 to June 2010.

**Mr. YUNG Chun Fai, Dickie**, aged 61, was appointed as an Independent Non-executive Director in March 2013. Mr. Yung holds a Master’s degree in Business Administration from the University of East Asia, Macau. He is a member of the Institute of Management and a fellow of the Chartered Management Institute. Mr. Yung has been



engaged in finance and banking businesses for over 25 years. He was the chief deputy executive of Industrial & Commercial Bank of China (Macau) Limited and a director, deputy general manager and alternate chief executive of Industrial & Commercial International Holdings Limited, a wholly owned subsidiary of Industrial & Commercial Bank of China Limited.

**Mr. CHIU Wai On**, aged 45, was appointed as an Independent Non-executive Director in November 2006. Mr. Chiu is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants in the United Kingdom. He possesses extensive professional experience in accounting and auditing services. Mr. Chiu is currently an independent non-executive director of Guocang Group Limited (formerly known as “Hua Yi Copper Holdings Limited”), which shares are listed on the Stock Exchange.

### *Senior Management*

#### *Chief Operating Officer*

**Mr. Qin Ruguo**, aged 53, joined the Group as the Chief Operating Officer in April 2013. He graduated from Mechanical Engineering Department of Northeast Petroleum University and holds a Master’s degree in Engineering Management from Xi’an University of Technology. He has over 30 years of experience in the oil and gas industry. Mr. Qin previously served in various senior positions at several group companies of China National Petroleum Corporation (“CNPC”) respectively. He has rich experiences in the Oil and Gas Industry, oil and gas field exploitation, engineering and oil field technology, natural gas market development, sales of oil and project management and investment. He has established strong network with the petroleum and natural gas experts, research units and corporates. In 2009, Mr. Qin was appointed the general manager of the Guizhou branch of CNPC Kunlun Natural Gas Utilization Company Limited and led the natural gas pipeline network development project in the province.

#### *Vice President — Business Development*

**Mr. Bian Shaoqing**, aged 49, was appointed the Vice President of Business Development of the Group in December 2012. He holds a Bachelor’s degree in petroleum reservoir exploration engineering from China Petroleum National University. Mr. Bian has over 27 years of experience in the oil and gas industry. He is familiar with the operations and management of oil and gas projects, equipment, technology, development and application. He previously served at China National Petroleum Corporation, China Petroleum and Chemical Corporation (Sinopec) and SPT Energy.

#### *Vice President — Operations*

**Mr. Manley Poon**, aged 41, was appointed the Vice President of Operations of the Group in October 2012. He is responsible for the business development of the North America and Argentina projects of the Group. He holds a Bachelor of Arts degree in Economics from the University of Tennessee, USA. Mr. Poon has over 10 years of business experience. He previously worked at well-known accounting and consulting



firms, during which he provided business and operational consulting services to multinational corporations, state-owned enterprises and private equity funds in the United States and the PRC, focusing in the natural resources industries.

*Vice President — Operations*

**Mr. Wang Yuan**, aged 50, was appointed the Vice President of Operations of the Group in September 2013. He is responsible for the business development of the Group in the United States. He holds a Bachelor of Science degree in Mechanical Engineering from Daqing Petroleum Institute, a Master of Science degree in Mechanical Engineering from China University of Petroleum, a Master of Science degree in Petroleum Engineering from the University of Alaska Fairbanks and a Master of Science degree in Computer Science from Southwest Texas State University. Mr. Wang has over 15 years of experience in the oil and gas industry. Before joining the Group, he worked as a leading engineer or project manager in pipeline projects. He has also worked in MCS Kenny, Shell and Dell Computer.

*Senior Vice President — Corporate Finance*

**Mr. Wan Tat Bond**, aged 34, joined the Group in April 2013 and is currently the Senior Vice President of Corporate Finance of the Group. He holds a Bachelor of Arts degree from the University of British Columbia and a Master of Business Administration degree from the Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and has over 7 years of experiences in audit and financial due diligence before joining the Group.

*Financial Controller*

**Mr. Lai Chi Fung**, aged 34, joined the Group in April 2012 and is currently the Financial Controller of the Group. He holds a Bachelor of Business Administration degree with honours in Accounting. He is a member of the Hong Kong Institute of Certified Public Accountants and has over 8 years of professional experience in accounting and auditing.

*Company Secretary*

**Ms. Tsang Tsz Ying, Fion**, aged 30, was appointed the Company Secretary in November 2013. She holds a Bachelor of Arts degree with honours in Translation and Chinese and a Master of Science degree in Professional Accounting and Corporate Governance. She is an associate member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Ms. Tsang has over 8 years of experience in company secretarial field.

#### 4. INTERESTS OF DIRECTORS

##### (a) Interests in shares, underlying shares and debentures of the Company and its associated companies

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

##### *Long positions in securities*

Name of Director	Capacity	Share options	Shares	Total interests	Approximate % of issued share capital held
Mr. Cheng Kam Chiu, Stewart	Beneficial owner	6,172,000	—	6,172,000	0.45
Mr. Cheng Ming Kit	Beneficial owner	6,172,000	1,000	6,173,000	0.45
Mr. Heffner, Paul Lincoln	Beneficial owner	6,172,000	—	6,172,000	0.45
Mr. Wong Man Kong, Peter	Beneficial owner	617,000	—	617,000	0.04
Mr. Chan Chi Yuen	Beneficial owner	617,000	—	617,000	0.04
Mr. Yung Chun Fai, Dickie	Beneficial owner	617,000	—	617,000	0.04
Mr. Chiu Wai On	Beneficial owner	617,000	—	617,000	0.04

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange. None of the Directors is a director or employee of a company which had

any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

**(b) Interests in assets**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset acquired or disposed of by or leased to any member of the Group or was proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Company were made up.

**(c) Interests in contracts or arrangements**

As at the Latest Practicable Date, none of the Directors had any material interests in any contract or arrangement subsisting at the date of this Offering Memorandum which was significant in relation to the business of the Group taken as a whole.

**(d) Directors' service contracts**

As at the Latest Practicable Date, there was no existing or proposed service contract between any member of the Group and any Director or proposed Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

**(e) Competing business**

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

## 5. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

### (a) Long positions in securities

Name of Shareholders	Capacity	Total interests held	Approximate percentage of shareholding
Dato' Dr. Cheng Yu Tung	Held by controlled corporations	364,147,110	26.29
Chow Tai Fook Nominee Limited	Held by controlled corporations	364,147,110	26.29
Max Sun	Beneficial Owner	364,147,110	26.29

*Note:* Max Sun is wholly-owned by Chow Tai Fook Nominee Limited, which is in turn 100% owned by Dato' Dr. Cheng Yu Tung. Accordingly, he is deemed to be interested in 364,147,110 Shares.

### (b) Interests in other members of the Group:

Name of member of the Group	Place of incorporation	Name of shareholder	Approximate percentage of shareholding
High Luck Group Ltd. Tartagal Oriental and Morillo UTE	Argentina	South American Hedge Fund LLC	18%
United Resources Trading Limited	British Virgin Islands	Amax Enterprising Limited	49%
New Phoenix Global Limited	British Virgin Islands	Ms. Lin Ruxiang	27%
Tiger Energy Partners International LLC	United States	Greenstone Capital Partners Limited	25%

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company or other member of the Group as at the Latest Practicable Date.

## 6. EXPERT AND CONSENT

- (a) The following is the qualification of the experts who have given opinions, letters or advice which are contained or referred to in this Offering Memorandum:

Name	Qualification
KPMG	Certified Public Accountants
Conyers Dill & Pearman (Cayman) Limited	Legal advisers as to Cayman Islands law
Global Law Office	Legal advisers as to PRC law

- (b) Each of the above experts has given, and has not withdrawn, its written consent to the issue of this Offering Memorandum with the inclusion of the references to its name and/or its opinion in the form and context in which they are included. The above experts' statements were issued on the date of this Offering Memorandum and was made for incorporation or reference (as the case may be) in this Offering Memorandum.
- (c) As at the Latest Practicable Date, none of the above experts had any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (d) As at the Latest Practicable Date, none of the above experts had any interest, direct or indirect, in any asset which had been, since 31 December 2013, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

## 7. LITIGATION

On 25 September 2014, 山東瑞泰管業有限公司 (“**RuiTai**”) initiated a claim (the “**Claim**”) against 貴州坤煜經貿有限公司 (GuiZhou Kunyu Trading Company Limited) (“**KunYu**”), an indirect wholly owned subsidiary of Shine Great Investments Limited (an indirect wholly owned subsidiary of the Company) in the PRC, for (i) RMB617,332.36 as debt; (ii) RMB132,831.87 as penalty; and (iii) costs of proceeding, concerning the dispute over the agreements of the purchase of industrial products (the “**RuiTai Agreements**”).

On 10 October 2014, upon further application by RuiTai, the PRC court ruled that a sum of RMB750,164.23 as bank deposit in the bank account of KunYu or the equivalent amount of assets of KunYu has to be frozen pending the judgement of the Claim.

On 11 November 2014, as directed by the PRC court, the representative of KunYu filed relevant evidences to the PRC court.

On 11 November 2014, KunYu has entered into an out-of-court settlement agreement (the “**Settlement**”) with RuiTai. Pursuant to the Settlement, KunYu shall pay RuiTai with a sum of RMB557,332.36 before 31 December 2014 as full and final settlement of the Claim, failing which KunYu shall be liable for an additional penalty of RMB132,831.87. Upon the payment of the said settlement sum by KunYu, the RuiTai Agreements shall be deemed as completed. Upon the execution of the Settlement, RuiTai has withdrawn the Claim on 18 November 2014 and applied for unfreezing the frozen assets of KunYu.

Save as disclosed above, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

## 8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) were entered into by the members of the Group within the two years preceding the date of this Offering Memorandum which are or may be material:

- (1) a sale and purchase agreement dated 16 January 2013 (and terminated on 30 April 2013) entered into between BCM Energy Partners Inc. (“**BCM**”), ET-LA, LLC (“**ET1**”) and ET-LA(2), LLC (“**ET2**”) (both ET1 and ET2 are indirectly owned subsidiaries of the Company) in relation to the disposal of oil and gas interests in Texas and Louisiana of the United States by ET1 and ET2 at a consideration of US\$2,800,000, satisfied as to US\$300,000 in cash and the balance of US\$2,500,000 by the issue of convertible note by BCM;
- (2) an agreement dated 18 January 2013 entered into between the Company and Orient Securities Limited in relation to the placing of up to 22,000,000 new Shares at the price of HK\$0.91 per Share;
- (3) an agreement dated 22 January 2013 (as supplemented on 23 January 2013) entered into between Total Belief Limited (“**Total Belief**”), a wholly owned subsidiary of the Company, and Ms. Lin Ruxiang in relation to the acquisition of 22% equity interest of New Phoenix Global Limited for a total consideration of HK\$13,900,000, satisfied as to HK\$2,000,000 in cash and the balance of HK\$11,900,000 by the issue of convertible bonds by the Company;
- (4) an agreement dated 25 January 2013 entered into between the Company and Orient Securities Limited in relation to the placing of up to 14,000,000 new Shares at the price of HK\$0.98 per Share;

- (5) an agreement dated 6 February 2013 entered into between High Luck Holding (Hong Kong) Limited (a wholly owned subsidiary of the Company) and Ms. Li Lian Fang in relation to an acquisition of the entire equity interest of Power Jet Group Limited which holds approximately 9.25% interests in the Tartagal Concession and the Morillo Concession in Argentina at a consideration of HK\$150,000,000, satisfied as to (i) HK\$15,000,000 in cash; (ii) HK\$105,000,000 by the issue of convertible notes by the Company; and (iii) HK\$30,000,000 by the issue of a promissory note by the Company;
- (6) a supplemental agreement dated 8 March 2013 (supplementing a sale and purchase agreement dated 13 September 2012) entered into between Clear Elite Holdings Limited (“**Clear Elite**”), a wholly owned subsidiary of the Company, and Mr. Yiu Wing Hei in relation to Clear Elite’s acquisition of the entire issued share capital of Golden Giant Limited at a consideration of HK\$54,475,000.00, satisfied as to HK\$38,475,000 by the Company’s issue of a convertible note; and HK\$16,000,000 by the Company’s issue of a promissory note;
- (7) supplemental agreements dated 5 March 2013 and 22 October 2013 (supplementing an agreement dated 12 November 2012) entered into between 深圳中港新時代能源有限公司 (Shen Zhen Sino Hong Kong New Times Energy Corporation Limited) (“**Shenzhen Subsidiary**”) (which was subsequently replaced by another indirect wholly owned subsidiary of the Company, 淮安新時代能源有限公司 (HuaiAn New Times Energy Corporation Limited) (“**Huaian Subsidiary**”)), Mr. Zhu ZhiQing (朱志清), Mr. Su RongLi (蘇榮利), Mr. Tang Feng (唐烽) and 貴州坤煜經貿有限公司 (GuiZhou KunYu Trading Company Limited) (“**KunYu**”) in relation to Huaian Subsidiary’s acquisition of 100% equity interest in KunYu at the consideration of RMB65,100,000, satisfied by RMB37,100,000 in cash and the issue of convertible bonds with principal amount of RMB28,000,000 by the Company;
- (8) supplemental agreements dated 5 March 2013 and 22 November 2013 (supplementing an agreement dated 1 December 2012) entered into between Shenzhen Subsidiary (which was subsequently replaced by Huaian Subsidiary), Mr. Lai ZuoYi (黎作義), Mr. Lai ZuoJun (黎作軍), Mr. Zhang ChaoLin (張超林), Mr. Zhang ZhiChao (張志超) and 貴州舜堯能源投資有限公司 (GuiZhou ShunYao Energy Investment Company Limited) (“**ShunYao**”) in relation to Huaian Subsidiary’s acquisition of 100% equity interest in ShunYao at the consideration of RMB26,920,500, satisfied as to RMB13,000,000 in cash and the balance of RMB13,920,500 by the issue of convertible bonds by the Company;
- (9) an agreement dated 10 May 2013 entered into between ET1, Melrose Investment Corporation and Emax-Legacy Partners, LLC in relation to the acquisition of the oil and gas properties situated at Caddo Parish, Louisiana, the United States of America by ET1 for a total consideration of US\$2,200,000, satisfied by the allotment and issue of 21,450,000 Shares by the Company at HK\$0.80 per Share;



- (10) an agreement dated 7 June 2013 entered into between the Company and Orient Securities Limited in relation to the placing of convertible bonds of the Company of up to an aggregate principal amount of HK\$50,000,000 at the conversion price of HK\$0.79 per Share;
- (11) an agreement dated 19 June 2013 and a supplementary agreement dated 27 June 2013 entered into between the Company and Asia Private Credit Fund Limited in relation to the subscription of 34,370,000 Shares (with unlisted warrants attached) at HK\$0.66 per Share;
- (12) supplemental agreements dated 28 June 2013, 31 December 2013, 30 June 2014 and 29 August 2014 (supplementing an agreement dated 15 May 2012) entered into between the Company, Total Belief, New Choice Group Limited, Glory Brightness Limited and Principle Petroleum Limited in respect of the acquisition of the entire issued share capital of New Choice Group Limited and Glory Brightness Limited by Total Belief at the consideration of HK\$35,000,000, satisfied as to HK\$30,000,000 in cash; and HK\$5,000,000 by the Company's issue of convertible notes;
- (13) a sale and purchase agreement dated 30 June 2013 entered into between BCM and ET1 in relation to the disposal of oil and gas interests in Louisiana of the United States of America by ET1 at the consideration of US\$5,200,000, satisfied by way of issue of unlisted convertible promissory notes by BCM at a conversion price of US\$2.00 per share of BCM;
- (14) the two offer letters both dated 9 September 2013 from Pluspetrol Sociedad Anónima to High Luck Group Limited, a wholly owned subsidiary of the Company, in respect of sale of certain rights and assets as more particularly set out in the circular of the Company dated 31 December 2013;
- (15) an agreement dated 2 October 2013 entered into between the Company and Max Sun in relation to the subscription of 90,163,934 Shares at HK\$0.61 per Share;
- (16) an agreement dated 2 October 2013 entered into between the Company and Max Sun in relation to the Company's acquisition of the entire issued capital of Big Trade Investments Limited for a total consideration of HK\$55,359,269, satisfied by the Company's allotment and issue of 90,752,900 Shares at HK\$0.61 per Share;
- (17) a supplemental memorandum of understanding dated 30 January 2014 entered into between Total Belief and Ms. Lin Ruxiang to record the agreement reached on 10 November 2013, pursuant to which, both parties agreed to, among other things, extend the term of the loan from 10 November 2013 to 10 November 2014 (or such later date and time as both parties shall agree in writing);
- (18) a placing agreement dated 23 May 2014 entered into between the Company and Upbest Securities Company Limited pursuant to which the placing agent has agreed, on a best effort basis, to arrange subscribers for the issue of seven-year 6% coupon unlisted bonds up to an aggregate principal amount of HK\$30,000,000;



- (19) a placing agreement dated 29 May 2014 entered into between the Company and iSTAR International Securities Co. Limited pursuant to which the placing agent has agreed, on a best effort basis, to arrange subscribers for the issue of seven-year 8% coupon unlisted bonds up to an aggregate principal amount of HK\$50,000,000;
- (20) a subscription agreement dated 23 July 2014 entered into between the Company and certain subscribers pursuant to which the Company has agreed to issue HK\$13,400,000 in aggregate principal amount of 8% unsubordinated and unsecured notes and the Subscribers have agreed to purchase the said notes from the Company (the “**First Batch Notes**”);
- (21) a placing agreement dated 15 August 2014 entered into between the Company and iSTAR International Securities Co. Limited pursuant to which the placing agent has agreed, on a best effort basis, to arrange subscribers for the issue of seven-year 8% coupon unlisted bonds up to an aggregate principal amount of HK\$50,000,000;
- (22) a subscription agreement dated 15 August 2014 entered into between the Company and a subscriber pursuant to which the Company has agreed to issue HK\$20,000,000 in aggregate principal amount of 8% unsubordinated and unsecured notes and the Subscribers have agreed to purchase the said notes from the Company (which was consolidated and formed a single series with the First Batch Notes) (the “**Second Batch Notes**”);
- (23) an agreement dated 16 July 2014 (and supplemented on 23 August 2014) entered into between Clear Elite and Rio Capital Limited in relation to the acquisition of oil and gas leases in Utah by Clear Elite for a total consideration of HK\$86,190,000, satisfied by cash of HK\$16,770,000 and the issue of consideration shares amounted to HK\$69,420,000 under the general mandate;
- (24) an agreement dated 8 September 2014 entered into between Total Belief and Mr. Qiu Shuangli and the escrow agreement dated 24 October 2014 entered into between Total Belief, Mr. Qiu and Phillips Solicitors in relation to the acquisition of 42.1% equity interest of Full Charming Limited for a total consideration of HK\$46,655,000, satisfied by cash in the amount of HK\$12,500,000 and the issue of shares amounted to HK\$34,155,000;
- (25) a subscription agreement dated 7 October 2014 entered into between the Company and a subscriber pursuant to which the Company has agreed to issue HK\$18,000,000 in aggregate principal amount of 8% unsubordinated and unsecured notes and the Subscribers have agreed to purchase the said notes from the Company (which was consolidated and formed a single series with the First Batch Notes and Second Batch Notes (the “**Third Batch Notes**”);
- (26) a subscription agreement dated 7 October 2014 entered into between Shine Great Investments Limited (“**Shine Great**”) and Goldlink Capital Limited (“**Goldlink**”) in relation to the subscription of 1,453,790 shares in the capital of Shine Great for a total consideration of RMB30,000,000 (equivalent to approximately HK\$37,800,000);

- (27) an agreement dated 7 October 2014 entered into between Total Belief and Goldlink in relation to the proposed disposal of an aggregate of 8,546,210 shares in the capital of Shine Great;
- (28) the Underwriting Agreement;
- (29) a subscription agreement dated 25 November 2014 entered into between the Company and the subscribers pursuant to which the Company has agreed to issue HK\$3,000,000 in aggregate principal amount of 8% unsubordinated and unsecured notes and the Subscribers have agreed to purchase the said notes from the Company (which was consolidated and formed a single series with the First Batch Notes, the Second Batch Notes and the Third Batch Notes); and
- (30) a subscription agreement dated 28 December 2014 between the Company and Chen Hong in relation to the subscription of the seven-year 8% coupon unlisted bonds issued by the Company in an aggregate principal amount of HK\$3,000,000.

## 9. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE OPEN OFFER

Registered office:	Clarendon House 2 Church Street Hamilton HM 11, Bermuda
Principal place of business in Hong Kong:	Room 1402, 14/F New World Tower I 16–18 Queen’s Road Central Hong Kong
Underwriters:	Max Sun 31/F, New World Tower 16–18 Queen’s Road Central Hong Kong
	CESHK 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Legal advisers to the Company:	<i>As to Bermudan law:</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central Hong Kong

	<i>As to Hong Kong law:</i> Reed Smith Richards Butler 20th Floor, Alexandra House 16–20 Chater Road Hong Kong
Auditor and reporting accountants:	KPMG 8th Floor, Prince’s Building 10 Chater Road Central, Hong Kong (Certified Public Accountants)
Principal bankers:	Bank of China (Hong Kong) Limited 25/F, Millennium City 5, 418 Kwun Tong Road Kwun Tong, Hong Kong  The Hongkong and Shanghai Banking Corporation Limited 1 Queen’s Road Central, Hong Kong
Principal share registrar and transfer agent:	Codan Services Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda
Hong Kong branch share registrar and transfer office:	Tricor Tengis Limited Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
Authorised representatives:	Mr. Cheng Kam Chiu, Stewart Ms. Tsang Tsz Ying, Fion
Company secretary:	Ms. Tsang Tsz Ying, Fion (An associate member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries)

## 10. EXPENSES

The expenses in connection with the Open Offer, including the underwriting commission, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$3.8 million on the basis of 764,459,789 Offer Shares being issued, which are payable by the Company.

**11. MISCELLANEOUS**

The English text of this Offering Memorandum shall prevail over their Chinese texts in case of inconsistency.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (except Saturdays and public holidays) at the principal place of business of the Company in Hong Kong, Room 1402, 14/F, New World Tower I, 16–18 Queen’s Road Central, Hong Kong, up to 21 January 2015:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) annual report of the Company for each of the years ended 31 December 2011, 2012 and 2013;
- (c) interim report of the Company for the six months ended 30 June 2014;
- (d) the material contracts referred to in the paragraph headed “Material contracts” in this Appendix III to this Offering Memorandum;
- (e) the report prepared by KPMG on the unaudited pro forma financial information of the Group, the text of which is set out in Part 2 of Appendix II to this Offering Memorandum;
- (f) the written consent from each of the experts referred to in the section headed “Expert and consent” of this Appendix III to this Offering Memorandum;
- (g) letter from Global Law Office in respect of Overseas Shareholders with registered address in the PRC;
- (h) letter from Conyers Dill & Pearman (Cayman) Limited in respect of Overseas Shareholders with registered address in Cayman Islands;
- (i) this Offering Memorandum; and
- (j) the circular of the Company dated 5 December 2014 in relation to a major transaction.