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NEW TIMES ENERGY CORPORATION LIMITED

新時代能源有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00166)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF 100% EQUITY INTERESTS IN RESPECT OF GUIZHOU SHUNYAO ENERGY INVESTMENT COMPANY LIMITED INVOLVING THE PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Financial Adviser to the Company



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

INTRODUCTION

The Board announces that on 1 December 2012, the Purchaser entered into the Acquisition Agreement with the Vendors pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of 100% equity interests in the Target Company at the Consideration of RMB35,000,000 (equivalent to approximately HK\$43,564,500).

Pursuant to the terms of the Acquisition Agreement, the Consideration of RMB35,000,000 (equivalent to approximately HK\$43,564,500) shall be settled in the following manner:

- (i) within 10 Business Days after the date of signing the Acquisition Agreement, the Refundable Deposit A of RMB7,000,000 (equivalent to approximately HK\$8,712,900) shall be paid in cash by the Purchaser to the Vendors or their nominees;
- (ii) within 10 Business Days after duly appointing and registering of the nominee(s) of the Purchaser as the legal representative of the Target Company and delivery of the Target Company's updated business license, the Refundable Deposit B of RMB10,000,000 (equivalent to approximately HK\$12,447,000) shall be paid in cash by the Purchaser to the Vendors or their nominees;
- (iii) upon Completion A, 100% equity interest of the Target Company shall be transferred from the Vendors to the Purchaser;
- (iv) upon Completion B, the balance of RMB14,500,000 (equivalent to approximately HK\$18,048,150) shall be settled by the Purchaser procuring the Company to issue Convertible Bond A, based on the actual completion of the Projects on or before Long Stop Date B, with a maximum principal amount of HK\$18,048,150 (equivalent to approximately RMB14,500,000) to the Vendors or their nominees; and
- (v) upon Completion C, the balance of RMB3,500,000 (equivalent to approximately HK\$4,356,450) shall be settled by the Purchaser procuring the Company to issue Convertible Bond B with a maximum principal amount of HK\$4,356,450 (equivalent to approximately RMB3,500,000) to the Vendors or their nominees.

The cash proportion of the Consideration to be paid by the Purchaser to the Vendors will be financed by internal resources of the Group.

The Conversion Price of the Convertible Bonds is HK\$1.00.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Directors intended that the Convertible Bonds will be issued under the Specific Mandate to be granted to the Directors at the SGM. Upon the passing of the relevant resolution(s) by the Shareholders at the SGM, an application will be made by the Company to the Stock Exchange for the approval of the listing of, and permission to deal in the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

The Acquisition Agreement is subject to a series of conditions precedent as set out in the section headed “Conditions Precedent to the Acquisition Agreement” and under the Acquisition Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

A. THE PROPOSED ACQUISITION AGREEMENT OF 100% SHAREHOLDING OF THE TARGET COMPANY

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are as follows:

Date: 1 December 2012

Parties:

- (i) Purchaser: ShenZhen Sino Hong Kong New Time Energy Corporation Limited (深圳中港新時代能源有限公司);
- (ii) Vendors: Mr. Lai ZuoYi (黎作義), Mr. Lai ZuoJun (黎作軍), Mr. Zhang ChaoLin (張超林), and Mr. Zhang ZhiChao (張志超); and
- (iii) Target Company: GuiZhou ShunYao Energy Investment Company Limited (貴州舜堯能源投資有限公司)

The Purchaser is a wholly foreign-owned enterprise established in the PRC with limited liability, an indirectly wholly-owned subsidiary of the Company and is an investment holding company.

The Target Company is an investment holding company incorporated in PRC with limited liability.

Pursuant to the Acquisition Agreement, the Target Company shall directly hold the Wholly-owned Projects and through ZunYi KunLun hold the JV Projects. ZunYi KunLun and the Target Company shall be granted of the legal and contractual interests, rights and benefits of the JV Projects and the Wholly-owned Projects from the relevant government and regulatory authorities at Completion.

Assuming ZunYi KunLun obtains the legal and contractual interests, rights and benefits of the JV Projects at Completion C, the Purchaser will indirectly hold 40% interest, through ZunYi KunLun, in the five (5) JV Projects and 100% interest, through the Target Company, in the two (2) Wholly-owned Projects. The shareholding structure is set out in the section headed **“Shareholding structure of the Target Company after Completion assuming the legal and contractual interests, rights and benefits of the Wholly-owned Projects are obtained by the Target Company and those of the JV Projects are obtained by ZunYi KunLun at Completion”**.

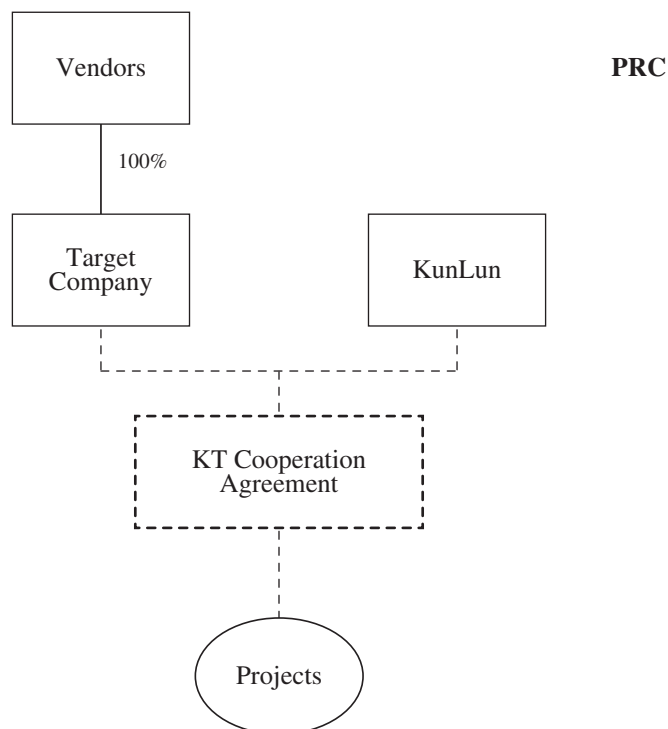
If, for any reasons, ZunYi KunLun is unable to obtain the legal and contractual interests, rights and benefits of the JV Projects at Completion C, the right to apply for the granting of the legal and contractual interests, rights and benefits of the JV Projects from the relevant government and regulatory authorities will be provided to the Target Company at Completion C. Assuming the Target Company obtains the legal and contractual interests, rights and benefits of the JV Projects, the Purchaser will indirectly hold 100% interest, through the Target Company, all the seven (7) Projects. The shareholding structure is set out in the section headed “**Shareholding structure of the Target Company after Completion assuming the legal and contractual interests, rights and benefits of both the Wholly-owned Projects and the JV Projects are obtained by the Target Company at Completion**”.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendors are Independent Third Parties.

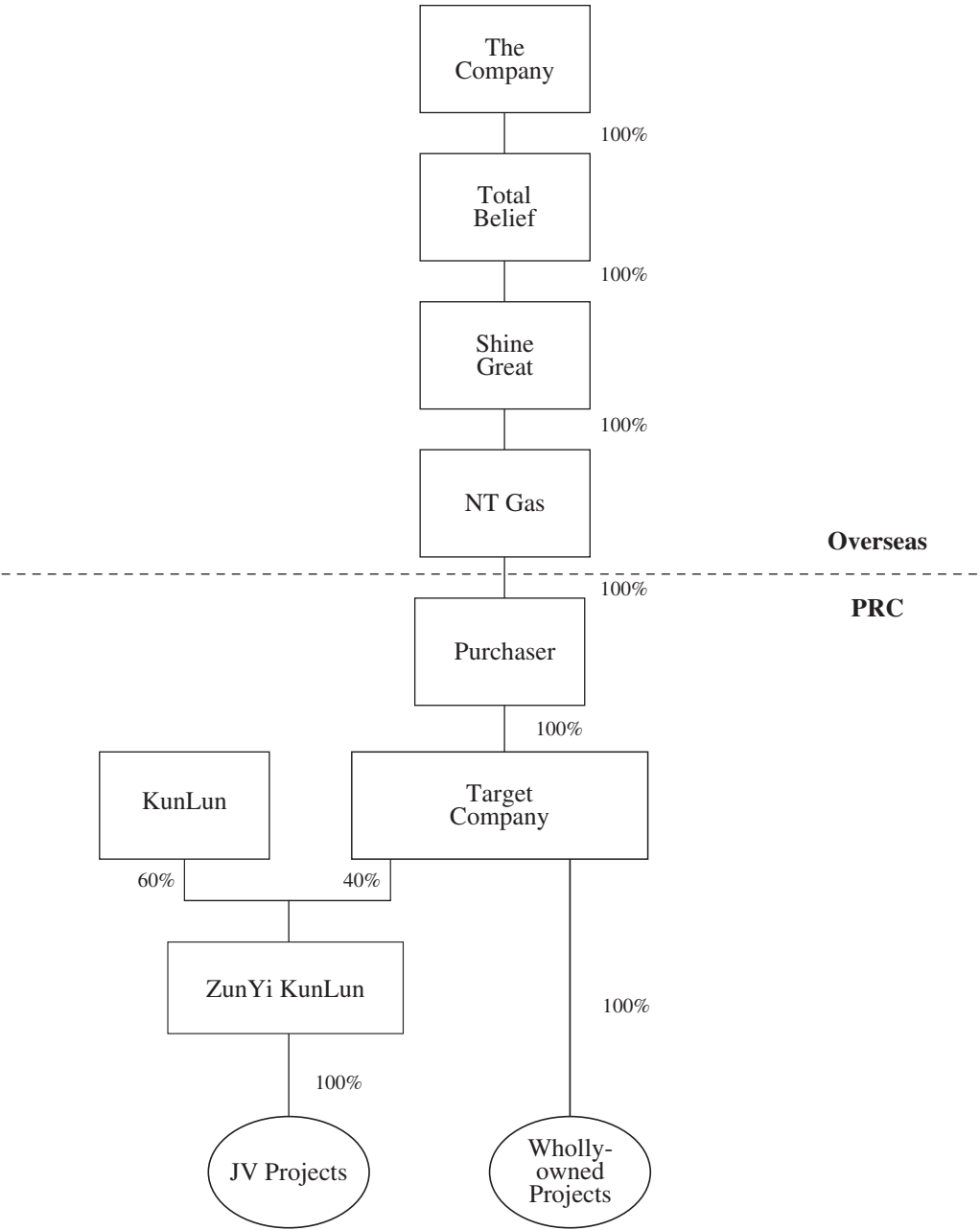
Subject of the Acquisition

Pursuant to the Acquisition Agreement, the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to dispose of 100% equity interests in the Target Company at the Consideration of RMB35,000,000 (equivalent to approximately HK\$43,564,500). Upon Completion, the Purchaser will hold 100% equity interest in the Target Company.

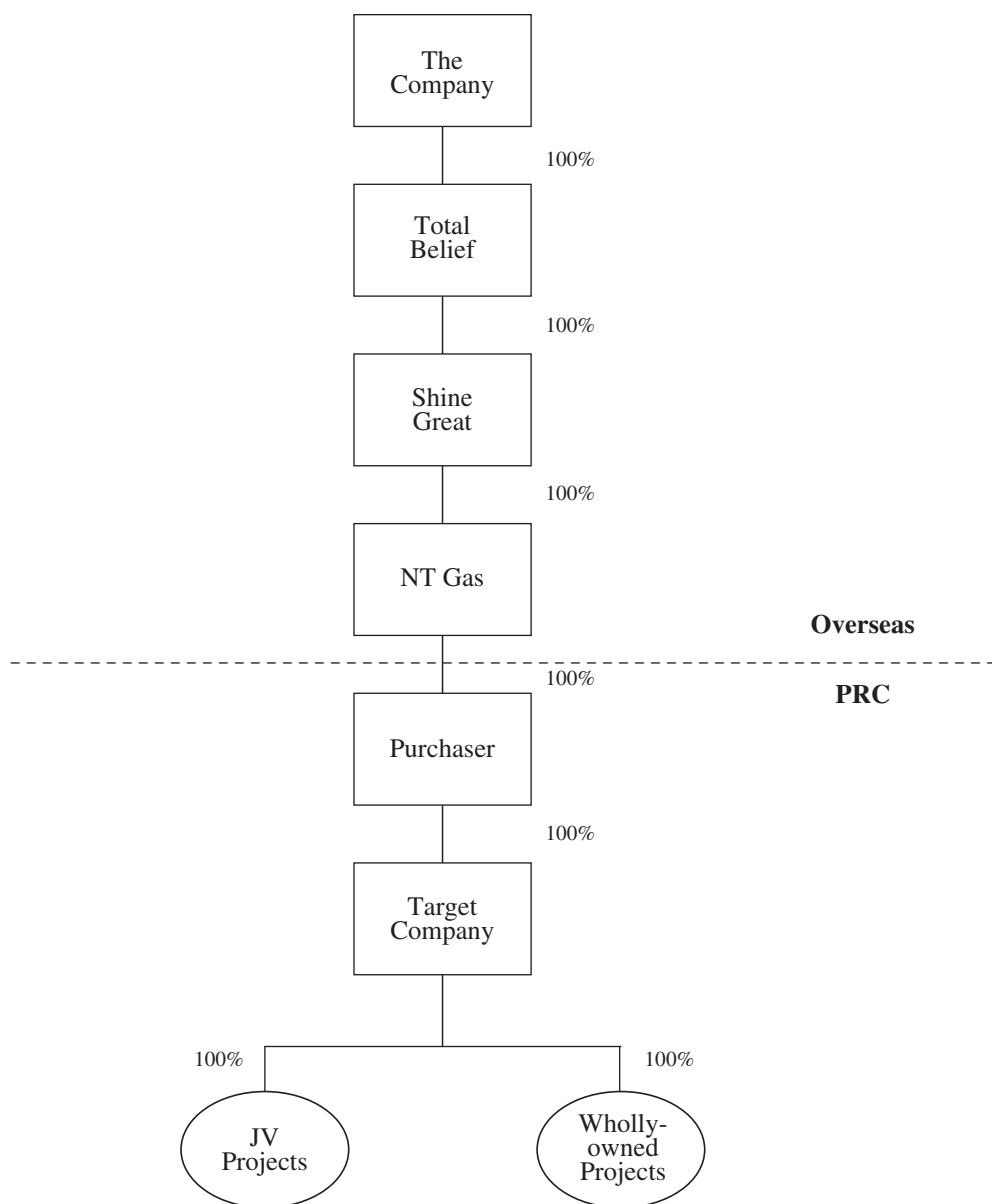
Shareholding structure of the Target Company before Completion



Shareholding structure of the Target Company after Completion assuming the legal and contractual interests, rights and benefits of the Wholly-owned Projects are obtained by the Target Company and those of the JV Projects are obtained by ZunYi KunLun at Completion



Shareholding structure of the Target Company after Completion assuming the legal and contractual interests, rights and benefits of both the Wholly-owned Projects and the JV Projects are obtained by the Target Company at Completion



Consideration and Payment

Pursuant to the terms of the Acquisition Agreement, the Consideration of RMB35,000,000 (equivalent to approximately HK\$43,564,500) shall be settled in the following manner:

- (i) within 10 Business Days after the date of signing the Acquisition Agreement, the refundable deposit of RMB7,000,000 (equivalent to approximately HK\$8,712,900) (the “**Refundable Deposit A**”) shall be paid in cash by the Purchaser to the Vendors or their nominees;

- (ii) within 10 Business Days after duly appointing and registering of the nominee(s) of the Purchaser as the legal representative of the Target Company and delivery of the Target Company's updated business license, the refundable deposit of RMB10,000,000 (equivalent to approximately HK\$12,447,000) (the "**Refundable Deposit B**") shall be paid in cash by the Purchaser to the Vendors or their nominees;
- (iii) upon Completion A, 100% equity interest of the Target Company shall be transferred from the Vendors to the Purchaser;
- (iv) upon Completion B, the balance of RMB14,500,000 (equivalent to approximately HK\$18,048,150) shall be settled by the Purchaser procuring the Company to issue Convertible Bonds A with a maximum principal amount of HK\$18,048,150 (equivalent to approximately RMB14,500,000) to the Vendors or their nominees. The issuance of Convertible Bonds A will be based on the actual completion of the Projects on or before Long Stop Date B; and
- (v) upon Completion C, the balance of RMB3,500,000 (equivalent to approximately HK\$4,356,450) shall be settled by the Purchaser procuring the Company to issue Convertible Bonds B with a maximum principal amount of HK\$4,356,450 (equivalent to approximately RMB3,500,000) to the Vendors or their nominees. The issuance of Convertible Bonds B will be based on the actual completion of the Projects on or before Long Stop Date C.

Refundable Deposits (Refundable Deposit A and Refundable Deposit B)

Pursuant to the Acquisition Agreement, upon fulfillment of the relevant conditions of the payment manner (i) and (ii) as set out above, the Purchaser will pay RMB17,000,000 (equivalent to approximately HK\$21,159,900) in cash as the Refundable Deposits to the Vendors or their nominees. If Completion A is unable to take place on or before Long Stop Date A, the Acquisition Agreement shall be terminated and the Acquisition will not proceed. The Vendors shall, within three (3) Business Days of the date of termination of the Acquisition Agreement, refund to the Purchaser the said Refundable Deposits of RMB17,000,000 (equivalent to approximately HK\$21,159,900) with the accrued interest. The accrued interest shall be calculated in reference to 120% of the one year basic lending rate of the PBOC.

Details of the Consideration settlement upon Completion B and Completion C

The schedule for adjusting the principal amount of Convertible Bonds is as follows:

No.	Project Title (all within GuiZhou Province)	Corresponding deductible amount RMB('000)
1	遵義市環城高壓管網及工業支線管道 Round ZunYi City High Pressure Pipeline System (JV Project)	4,371.4
2	遵義市匯川區團澤鎮CNG母站項目 ZunYi City HuiChuan District TuanZe Town CNG Master Filling Station (JV Project)	7,097.1
3	遵義市匯川區紅河北路加氣站項目 ZunYi City HuiChuan District HongHe Road North Refilling Station (JV Project)	0.0
4	遵義市紅花崗區忠深大道加氣站項目 ZunYi City HongHuaGang District ZhongShen Road Refilling Station (JV Project)	1,182.8
5	遵義市湘江工業園區（紅花崗區東南部）項目 ZunYi City XiangJiang Industrial Park (south-eastern part of HongHuaGang District) Natural Gas Utilisation Project (JV Project)	2,983.1
6	遵義市遵義縣南楠大道加氣站項目 ZunYi City ZunYi County NanNan Road Refilling Station (Wholly-owned Project)	1,182.8
7	遵義市湄潭縣湄潭加氣站項目 ZunYi City MeiTan County MeiTan Refilling Station (Wholly-owned Project)	1,182.8
	合計 Total	18,000.0

The Purchaser shall procure the Company to issue Convertible Bonds A upon fulfillment of the conditions precedent to Completion B for all the Projects. In accordance with the payment schedule as set out in the column “Corresponding deductible amount” of Table 1, for each of the Projects being not able to fulfill the conditions precedent to Completion B by the final timeframe deadline, the corresponding amount shall be deducted from the remaining principal amount of Convertible Bonds A to be issued. If the accumulated deductible amount exceeds the remaining principal amount of Convertible Bonds A, the amount exceeded shall be deducted from the principal amount of Convertible Bonds B, which shall be issued upon fulfillment of the conditions precedent to Completion C.

Since the legal and contractual interests, rights and benefits of Project 3, which has been classified as a JV Project, is considered to be uncertain to be obtained by ZunYi KunLun or the Target Company, the corresponding deductible amount of Project 3 was set at zero as at the date of signing the Acquisition Agreement. Project 3 shall be classified as a free offer to the Purchaser upon successful transfer to ZunYi KunLun or the Target Company.

In the event that the conditions precedent (iv) a, b and c to Completion B for projects 1 to 5 (as shown in Table 1) are fulfilled and satisfied, including but not limited to the completion of the relevant registration procedures by ZunYi KunLun, and the Company obtaining through ZunYi KunLun sufficient legal and contractual interests, rights and benefits of the

JV Projects from the relevant government and regulatory authorities at Completion B (to facilitate Completion C). The Purchaser agrees to waive condition precedent (iv) d to Completion B.

In the event that any of the conditions precedent (iv) a, b and c to Completion B for projects 1 to 5 (as shown in Table 1) are not fulfilled and satisfied, but the conditions precedent (iv) d to Completion B (as shown in Table 1) is fulfilled and satisfied, including but not limited to the Target Company obtaining sufficient legal and contractual interests, rights and benefits of the JV Projects from the relevant government and regulatory authorities at Completion B (to facilitate Completion C), the Purchaser agrees to waive condition precedent (iv) a, b and c to Completion B.

Basis for determining the Consideration payment

The Consideration has been arrived at after arm's length negotiations between the Company, the Purchaser and the Vendors and was determined with reference to, amongst others, the preliminary and initial evaluation of the financial net present value of the Projects of the Target Company prepared by LCH (Asia-Pacific) Surveyors Limited, an independent professional valuer, according to which the total financial net present value of 100% of the Wholly-owned Projects and 40% of the JV Projects, if successful, was in the region of RMB75,000,000 (equivalent to approximately HK\$93,352,500). The evaluation is based on discounted cash flows and projections of profits, and constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the Company will disclose the information as required under Rules 14.60A of the Listing Rules at the circular stage.

The cash proportion of the Consideration to be paid by the Purchaser to the Vendors will be financed by internal resources of the Group.

Upon the fulfillment of the conditions to the payment of the Second Installment and the Third Installment, the Purchaser has the right to transfer convertible bonds with an equal aggregate principal amount of another company listed on the Stock Exchange (the “**Other Company's CB**”) in place of the Convertible Bonds.

The Company does not, at present, hold the Other Company's CB and has not yet identified the Other Company. Accordingly, the Company is unable to ascertain the terms and conditions of the Other Company's CB. The specific terms and conditions of the transfer of Other Company's CB shall be agreed by the Purchaser and the Vendors before the transfer of the Other Company's CB.

In the event that the Purchaser elects to transfer the Other Company's CB in place of the Convertible Bonds, the Company will comply with all applicable announcement and/or shareholder approval requirements under the Listing Rules. A further announcement will be published to update the Shareholders when the Company transfers the Other Company's CB to settle the Consideration.

TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised below:

Issuer:	The Company
Principal amount:	An aggregate of HK\$22,404,600 (equivalent to RMB18,000,000), which consists of (i) Convertible Bond A with a principal amount equal to HK\$18,048,150 (equivalent to RMB14,500,000); and (ii) Convertible Bond B with a principal amount equal to HK\$4,356,450 (equivalent to RMB3,500,000).
Denomination:	In the denomination of HK\$1,000,000
Interest:	3% per annum
Maturity date:	1 year from the date of issuance
Conversion Price:	Initially, HK\$1.00 per Conversion Share
Adjustments to the Conversion Price:	The Conversion Price will be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of, among other things, the following events: (a) any alteration to the nominal value of the Shares as a result of consolidation or sub-division; (b) issuance of Shares by way of capitalisation of profits or reserves (other than Share issued in lieu of a cash dividend); (c) capital distribution (as defined in the instrument creating the Convertible Bonds) to Shareholders; (d) right issue of Shares or options, warrants or other rights to subscribe for or purchase Shares at less than 80% of the then current market price per Share; (e) right issue of other securities of the Company (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) at less than 80% of the then current market price per Share; (f) issuance for cash of Shares or options, warrants or other rights to subscribe for or purchase Shares at less than 80% of the then current market price per Share;

- (g) issuance for cash of any securities carrying rights of conversion into, or conversion or subscription for Shares to be issued by the Company upon conversion, conversion or subscription at a consideration per Share which is less than 80% of the then current market price per Share;
- (h) where there is any modification made to the rights of conversion, conversion or subscription attached to any such securities issued under sub-paragraph (g) above so that the consideration per Share is less than 80% of the then current market price per Share;
- (i) offer of securities in connection with which Shareholders generally (meaning for this purpose holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangement whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under sub-paragraph (d) or (e) above); and
- (j) if the Company determines that any adjustment should be made to the Conversion Price as a result of one or more events not referred to in sub-paragraphs (a) to (i) above, the Company shall request its auditors or other professional parties to determine what adjustment, if any, to the Conversion Price is fair and reasonable.

Security:

Unsecured

Exchange rate:

The HK\$ and RMB exchange rate is HK\$1.2447 = RMB1.00 for all purposes under the Convertible Bonds.

Ranking of the
Convertible Bonds:

The Convertible Bonds rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

Ranking:

Upon issuance and allotment, the Conversion Shares will rank *pari passu* in all respects with all the Shares in issue at the date on which the conversion rights attaching to the Convertible Bonds are exercised.

Conversion period:	Upon issuance of the Convertible Bonds, the holders of the Convertible Bonds will have the right to convert the whole or part of the principal amount in multiples of HK\$1,000,000 of each of the Convertible Bonds into Conversion Shares at any time and from time to time, commencing from the date of issuance and up to and inclusive of the respective maturity date.
Mandatory conversion:	Without breaching any of the conversion restriction terms of the Convertible Bonds, the holders of the Convertible Bonds must exercise in full the outstanding conversion rights attaching to the Convertible Bonds at the Conversion Price on the first trading day immediately after the average of the closing prices per Share for five consecutive trading days (“ Average Closing Price ”) equals or exceeds the Threshold Level. If the Average Closing Price equals or exceeds the Threshold Level on the date of issuance of the relevant convertible bonds, the Company shall directly deliver the corresponding number of Conversion Shares to the respective holders after 4:00 p.m. on the date of issuance.
Conversion restriction:	The holders of any Convertible Bonds shall not have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares to the extent that immediately after such conversion, (i) the holders of the Convertible Bonds together with parties acting in concert with it or deemed to be so with it, taken together will, directly and indirectly, control or be interested in 20% or more of the voting rights of the Company, or such other percentage specified in the Takeovers Code which the holders of the Convertible Bonds and/or parties acting in concert with it would be obliged to make a general offer or be deemed to be an “associated company” as defined under the Takeovers Code or deemed to be acting in concert under Takeovers Code in force from time to time whichever shall be the lowest; or (ii) there will not be sufficient public float of the Shares as required under the Listing Rules.
Redemption:	The Convertible Bonds will be redeemed by the Company of their principal amounts at the maturity dates of the corresponding convertible bonds, together with accrued but unpaid interest to the relevant date fixed for such redemption.

Early Redemption:

(1) Upon delisting or change of control of the Company

Upon (i) the Shares cease to be listed or admitted to trading on the Stock Exchange; or (ii) trading in the Shares on the Stock Exchange has been suspended for a continuous period of 180 days or more; or (iii) the occurrence of a change of control of the Company, the Convertible Bonds may be redeemed at the option of the holders of the Convertible Bonds in whole or in part of the Convertible Bonds at their principal amount at the date fixed for such redemption, together with accrued but unpaid interest up to the relevant date fixed for such redemption.

(2) Upon issuance of early redemption notice by the Company

Unless conversion notice shall have previously been given by the holders of the Convertible Bonds to the Company, the Company shall have the right at any time after the issuance of the Convertible Bonds and up to and inclusive of the maturity date to redeem the whole or part of the outstanding Convertible Bonds (other than that part of the outstanding Convertible Bonds to which the conversion notice relates) at the redemption amount provided that (a) the Company shall have given to the holders of the Convertible Bonds not less than one (1) Business Day's prior irrevocable notice of its intention to make such redemption, specifying the amount to be redeemed and the date of such redemption provided that such date of redemption must be a Business Day; and (b) any redemption shall be made in an amount of not less than an integral multiple of HK\$1,000,000.

(3) Upon occurrence of any events of default

Upon occurrence of any events of default as set out in the terms and conditions of the Convertible Bonds, including (i) if there is not a sufficient number of authorised but unissued Shares available for fulfilling the conversion rights of the Convertible Bonds; (ii) default of the Company in the performance of, or observance of or compliance with any covenant, condition or provision contained in the terms and conditions of the Convertible Bonds (other than the covenant to pay the principal or the interest in respect of the Convertible Bonds) and such default is not remedied for a period of 14 days immediately following any holder of the Convertible Bonds filing a relevant notice in respect of such default; (iii) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction; (iv) an encumbrancer takes possession or a receiver is appointed of the whole or any material part of the assets of the Company; (v) a distress, execution or seizure before judgment is levied or enforced upon or sued out against the whole or any material part of the assets of the Company and is not discharged within thirty days thereof; or (vi) the trading in the Shares on the Stock Exchange has been suspended for a continuous period of 180 days or more or the Shares cease to be listed or admitted to trading on the Stock Exchange, the Convertible Bonds may be redeemed at the option of the holders of the Convertible Bonds in whole or in part of the Convertible Bonds at their principal amount at the date fixed for such redemption, together with accrued but unpaid interest up to the relevant date fixed for such redemption.

Listing:

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Stock Exchange for the approval of the listing and permission to deal in the Conversion Shares on the Stock Exchange.

Transferability: The Convertible Bonds may be assigned or transferred with the prior consent of the Company (whose consent shall not be unreasonably withheld or delayed) and (if required) that of Stock Exchange, to any party, and the Company shall use all reasonable endeavours to facilitate any such assignment or transfer of the Convertible Bonds, including making any necessary applications to the Stock Exchange for approval (if required). Transfer of the Convertible Bonds shall be subject to the other provisions of the Convertible Bonds provided that the whole or part of principal amount of each the Convertible Bonds may be assigned and transferred.

Voting: The Convertible Bonds shall not carry any voting rights.

Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the initial Conversion Price of HK\$1.00 per Conversion Share by the Vendor, the Company will allot and issue an aggregate of 22,404,600 Conversion Shares, of which (i) 18,048,150 Conversion Shares will be allotted and issued upon exercise in full of the conversion right attaching to the Convertible Bond A; and (ii) 4,356,450 Conversion Shares will be allotted and issued upon exercise in full of the conversion right attaching to the Convertible Bond B. The said aggregate of 22,404,600 Conversion Shares, representing (i) approximately 3.31% of the existing issued share capital of the Company; and (ii) approximately 3.21% of the issued share capital of the Company as enlarged by the allotment and issuance of the Conversion Shares.

The Conversion Price of HK\$1.00 per Conversion Share was arrived at after arm's length negotiation between the Company and the Vendors with reference to the recent performance of the Shares and current market conditions. The Conversion Price of HK\$1.00 per Conversion Share represents:

- (i) a premium of approximately 9.89% to the closing price of HK\$0.910 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 9.41% to the average of the closing prices per Share of HK\$0.914 for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 10.38% to the average of the closing prices per Share of HK\$0.906 for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 82.02% from the unaudited consolidated net asset value as at 30 June 2012 of approximately HK\$5.562 per Share, calculated based on the unaudited consolidated net asset value attributable to the owners of the Company as at 30 June 2012 and 676,416,087 Shares in issue as at the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiation between the Company and the Vendors with reference to the prevailing market conditions, the Company's recent share price performance and future prospects of the Target Company.

CONDITIONS PRECEDENT TO THE ACQUISITION AGREEMENT

Conditions precedent to Completion A

Completion A shall be conditional upon, inter alia, the followings as conditions precedent subject to the Purchaser's written notice of modifications, variations and/or waivers, in whole or in part, of the conditions precedent or the Purchaser may by written notice elect to treat any of the conditions precedent to Completion A as the condition(s) precedent to Completion B and/or Completion C.

- (1) The Purchaser shall complete all the due diligence checking, and be satisfied with the results of the due diligence of the Projects, and the Target Company's legal and financial status;
- (2) The Target Company and the Vendors have full compliance with the obligations under the Acquisition Agreement;
- (3) Each and every representation and warranty as provided by the Vendors under the Acquisition Agreement remains true and accurate, and is neither misleading, nor they consists of omissions in material respects between the date of signing the Acquisition Agreement and Completion Date A;
- (4) The articles of association of the Target Company shall be approved by the Vendors and the Purchaser, and be signed by the Target Company and the Purchaser, the processing on business registration needs not be completed;
- (5) All necessary approvals for Completion A have been obtained, and have not been withdrawn or revoked by any third parties (including but not limited to any government bodies and other institutions which have jurisdiction over the Acquisition), and if the, revoked approvals are deemed to affect the conditions precedent of any parties in the Acquisition Agreement, those conditions shall have been accepted by the parties affected, if the conditions shall be accomplished before Completion A, those conditions shall have been completed. Approvals of all completed transactions must include: (1) approvals obtained by the Purchaser in accordance with the internal procedures required by Completion A; (2) approvals by the board of directors and shareholders of the Target Company on the Completion. All other documents as required under particular circumstances and the PRC law shall also be needed. All necessary approvals include (but not limited to):
 - a. the passing of the relevant resolution(s) by the Shareholders (other than those who are required to abstain from voting, if any) to approve the transactions contemplated under the Acquisition Agreement, including the allotment and issuance of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds under the Specific Mandate at the SGM;
 - b. the Company having complied to the satisfaction of the Stock Exchange and where applicable, the SFC with all applicable requirements under the Listing Rules and, where applicable, the Takeovers Code in relation to the issuance of the Convertible

Bonds and the allotment and issuance of the Conversion Shares upon the exercise of the conversion rights under the Convertible Bonds and other transactions contemplated herein;

- c. the Company having obtained any necessary waiver, consent, approval, license, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the execution and performance of the Acquisition Agreement and any of the transactions contemplated under the Acquisition Agreement, including but not limited to (where required) the Bermuda Monetary Authority granting its permission to the issuance of the Convertible Bonds, the allotment and issuance of the Conversion Shares upon the exercise of the conversion rights under the Convertible Bonds;
- d. the Listing Committee of the Stock Exchange, having granted the listing of and permission to deal in the Conversion Shares, approved, where required, the issuance of the Convertible Bonds;

- (6) No occurrence or continuation of any material adverse effects between the signing date of the Acquisition Agreement and Completion Date A.

The Vendor shall on or before the Completion Date A, or for submissions of all the carbon copies and scanned copies of the required documents, at least (5) five days before Completion Date A:

- (1) provide to the Purchaser the original copy of the register of members of the Target Company, signed by the chairman of the board of directors of the Target Company and affixed with the Company seal of the Target Company, recording the duly completed transfer of shareholdings from the Vendor to the Purchaser;
- (2) provide to the Purchaser a duly amended Memorandum and Articles of Association of the Target Company showing that the Purchaser has successfully obtained shareholdings of the Target Company;
- (3) The memorandum and articles of association of the Target Company and the Business Information Enquiry Form have been filed to the Administration for Industry and Commerce of Guiyang of the PRC. The contents of the Business Information Enquiry Form shall be consistent with the Acquisition Agreement and the memorandum and articles of association of the Target Company;
- (4) The Vendors have provided to the Purchaser the original copy and a copy of the updated business license issued by the Administration for Industry and Commerce of Guiyang of the PRC. The contents of the said business license shall be consistent with the Acquisition Agreement and the memorandum and articles of association of the Target Company;
- (5) provide to the Purchaser a copy of each of the general meeting resolution(s) and the board resolution(s) resolving: (A) the approval of the transfer of shareholdings from the Vendors to the Purchaser; and (B) the approval of the corresponding amendments to the memorandum and articles of association;

- (6) provide to the Purchaser a copy of duly signed resignation letter of each of the director(s), supervisor(s), general manager(s), deputy general manager(s) and Chief Financial Officer, indicating that the resigning party's waivers on any rights to make claim or sue for damages from the Purchaser and/or the Target Company regardless of whether the resigning party shall be compensated or not as a result of loss of office or other benefits;
- (7) provide to the Purchaser the original copies and all copies (not less than (2) two copies), which the Vendor and the Target Company are in possession of, of each of the KT Cooperation Agreement entered between the Target Company and KunLun dated 20 April 2011 and the memorandum and articles of association of ZunYi KunLun;
- (8) provide to the Purchaser copies of all minutes, correspondences and finance-related documents between the Vendors, the Target Company, KunLun and/or KunLun's subsidiaries in Guizhou;
- (9) provide to the Purchaser a copy of representations and warranties indicating that at all material times the Vendors fully complied with the obligations under the Acquisition Agreement dated 1 December 2012 and warranting that from the signing date of the Acquisition Agreement to the date of Completion A (both days inclusive, the representations and warranties are true, accurate and complete in all material respects;
- (10) provide to the Purchaser copies of interim financial statements for 2011 and 2012 and the monthly financial statement for September 2012 of each of the Target Company and ZunYi KunLun indicating the accounting policies and treatments of the Vendors and the actual business results and financial status of the Target Company and ZunYi KunLun;
- (11) facilitate and procure the staff of the Target Company appointed by the Vendors to list out all relevant stamps and documents to be transferred to the Purchaser including but not limited to the relevant stamps such as company seal, contract seal and financial seal, the relevant licenses such as business license, tax registration certificate, legal person code certificate, organisation code certificate, social insurance registration certificate and loan card, government approvals, tenancy agreements, land ownership certificate and other relevant documents, and transfer the same to the person(s) authorized/ designated by the Purchaser;
- (12) facilitate and procure the staff of the Target Company appointed by the Vendors to list out all relevant ledgers, certificates, personnel records, relevant agreements, documents and information related to construction of the natural gas projects and transfer the same to the person(s) authorised/designated by the Purchaser;
- (13) facilitate and procure the Target Company to transfer the right of control and signature to all its bank accounts to the person(s) authorised/designated by the Purchaser;
- (14) facilitate and procure the Target Company to cancel all existing authorisation letters/ power of attorney unless otherwise agreed in writing by the Purchaser, and confirm the same to the Purchaser in writing; and

- (15) sign any relevant documents and/or take any relevant actions in accordance with the Purchaser's reasonable requests, in order to complete the transaction as scheduled and expected under the Acquisition Agreement dated 1 December 2012.

The Purchaser may in its sole and absolute discretion, at any time before Completion Date A, waive, vary, and/or modify any of the conditions precedent to Completion A or to deem the conditions precedent to Completion A as the conditions precedent to Completion B and/or C by rendering notice in writing to the other parties to the Acquisition Agreement.

Before the Purchaser has been duly registered as the 100% shareholder of the Target Company, if the Purchaser injects additional capital, provides a loan or provides any other form of financial support to the Target Company (the "**Financial Support**"), the Vendors hereby warrant to undertake the obligation of the Target Company to return the Financial Support together with any accrued interest if the Target Company is unable to fulfill the said obligations.

Conditions precedent to Completion B

The payment of the Second Installment shall be conditional upon, inter alia, the satisfaction of the following conditions precedent:

- (i) The conditions precedent to Completion A have been fulfilled and satisfied and the transfer of the First Installment has been completed;
- (ii) From the date of signing the Acquisition Agreement to the date of the transfer of the Second Installment, each and every representation or warranty as provided by the Vendors under the Acquisition Agreement is true and accurate, and is neither misleading nor consists of any omission in material respects, and the significant matters stated in the Acquisition Agreement are true, accurate and complete, and the Vendors shall issue a confirmation letter to the Purchaser in this respect;
- (iii) Concerning each of the Wholly-owned Projects, in order to assure approvals on construction land use permits so as to facilitate Completion C, the Vendors have used their best endeavours to provide assistance to the Target Company to obtain all the relevant and necessary approvals and documents for the establishment and business land use of the Wholly-owned Projects in accordance with applicable policies, laws and regulations including but not limited to legal and valid land use rights executed by the relevant regional government authorities or land departments of the relevant corresponding Wholly-owned Projects;
- (iv) Concerning ZunYi KunLun:
 - a. Relevant registration procedures have been completed, a valid business license has been obtained and the registered capital has been fully paid up. The registered capital, business scope and shareholding structure as stated on the said business license shall be in line with the memorandum and the articles of association of ZunYi KunLun;

- b. The Target Company has obtained written confirmation from KunLun that the Target Company has not breached any conditions, obligations, representations nor warranties under KT Cooperation Agreement and all the costs incurred from obtaining the legal and contractual interests of the JV Projects are to be borne solely by ZunYi KunLun;
 - c. In order to assure approvals on construction land use permits so as to facilitate Completion C, ZunYi KunLun has obtained all the relevant and necessary approvals and documents for the establishment and business land use of the JV Projects in accordance with applicable policies, laws and regulations including but not limited to land use rights executed by the relevant regional government authorities or land department of the corresponding JV Projects; and
 - d. If the Target Company and KunLun mutually agree to terminate the KT Cooperation Agreement, all legal and contractual interests in the JV Projects shall be transferred to the Target Company. The Target Company shall then obtained all the relevant and necessary approvals and documents for the establishment and business land use of the JV Projects in accordance with applicable policies, laws and regulations, including but not limited to land use rights executed by the relevant regional government authorities or land departments of the corresponding JV Projects; and
- (v) The Vendors have sent to the Purchaser a notification letter requesting the Purchaser to proceed with payment of the Second Installment.

The Purchaser may in its sole and absolute discretion at any time before Completion B waive, vary, and/or modify any of the conditions precedent to Completion B by rendering notice in writing to the other parties to the Acquisition Agreement. The Purchaser shall effect the settlement of the Second Installment within ten (10) Business Days after the date of fulfilment of or the valid waiver of all of the conditions precedent to Completion B.

Unless otherwise agreed with the Purchaser, the Vendors shall use their best endeavours to procure and facilitate the fulfillment and satisfaction of the conditions precedent to Completion B. The Purchaser has the absolute discretion not to effect the payment of the Second Installment for each of the Projects where the conditions precedent to Completion B are not satisfied, or waived by the Purchaser, in accordance with the payment schedule as set out in the column “Corresponding deductible amount” of Table 1, and shall deduct the corresponding amount from the remaining principal amount of Convertible Bonds A to be issued upon Completion B. If the accumulated deductible amount exceeds the remaining principal amount of Convertible Bonds A, the amount exceeded shall be deducted from the principal amount of Convertible Bonds B, which shall be issued upon fulfillment of the conditions precedent to Completion C.

The Vendors undertake that they shall hold the Purchaser or the Target Company fully indemnified within three (3) Business Days from any litigation or arbitration actions, suits or proceedings, including but not limited to civil, criminal, administrative proceedings (a) associated with any of the Projects for any reason prior to the fulfillment and satisfaction of condition precedents (iii) and (iv) to Completion B; and (b) arising from obtaining the legal

and contractual interests, rights and benefits of the Projects by the Target Company. The Purchaser shall not be responsible for any and all losses, liabilities, costs, claims, charges, actions, proceedings, damages, expenses, suits or demands arising therefrom.

Conditions precedent to Completion C

The payment of the Third Installment shall be conditional upon, inter alia, the satisfaction of the following conditions precedent:

- (i) The conditions precedent to Completion B have been fulfilled and satisfied and the transfer of the Second Installment has been completed;
- (ii) From the date of signing the Acquisition Agreement to the date of the settlement of the Third Installment, the representations and warranties stated in the Acquisition Agreement are true, accurate and complete in all material respects and the Vendors shall issue a confirmation letter to the Purchaser in this respect;
- (iii) ZunYi KunLun has completed construction and obtained all the necessary and relevant approvals and documents for the construction and business operation of the JV Projects in accordance with applicable policies, laws and regulations. In the event that legal and contractual interests, rights and benefits of the JV Projects are to be obtained by the Target Company, the Target Company has completed construction and obtained all the necessary and relevant approvals and documents for the construction and business operation of the JV Projects in accordance with applicable policies, laws and regulations. After completion of the Wholly-owned Projects construction, the Vendors have also used their best endeavours to provide assistance to the Target Company to obtain all the necessary and relevant approvals and documents for the construction and business operation of the Wholly-owned Projects in accordance with applicable policies, laws and regulations; and
- (iv) The Vendors have sent to the Purchaser a notification letter requesting the Purchaser to proceed with payment of the Third Installment.

The Purchaser may in its sole and absolute discretion at any time before Completion C waive, vary, and/or modify any of the conditions to Completion C by rendering notice in writing to other parties to the Acquisition Agreement. The Purchaser shall effect the payment of the Third Installment within ten (10) Business Days after the date of fulfilment of or the valid waiver of all of the conditions precedent to Completion C.

Unless otherwise agreed with the Purchaser, the Vendors shall use their best endeavours to procure and facilitate the fulfillment and satisfaction of the conditions precedent to Completion C on or before Long Stop Date C. If any of the conditions precedent to Completion C are not fulfilled and satisfied before the timeframe, the Purchaser has the absolute discretion not to effect the payment of the Third Installment.

In the event that the representations and warranties of the Acquisition Agreement are untrue, inaccurate, or incomplete in any material respects, misleading or the Vendors have breached any conditions or obligations, the Purchaser has the absolute discretion to determine and reduce the amount of the First Installment, the Second Installment and the Third Installment to be paid to the Vendors.

B. BACKGROUND INFORMATION

INFORMATION ON THE GROUP

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.

INFORMATION ON KUNLUN

Established in 2008, KunLun is a wholly-owned subsidiary of PetroChina. With operation in seven provinces in the southern PRC, its main businesses consist of the operation of L-CNG and CNG refilling stations, as well as the management of gas pipeline connections, transportation, distribution and sales of natural gas.

Contracts entered into between the PRC government and KunLun

As at the date of this announcement, Kunlun and its subsidiaries have entered into contracts with several local governments at ZunYi City (遵義市) in GuiZhou Province to provide industrial natural gas utilities. These contracts include natural gas concessions, which have terms of 30 years.

To construct and operate several CNG refilling stations, KunLun and its subsidiaries also obtained relevant approvals and land use rights from the local governments at ZunYi City.

INFORMATION ON THE TARGET COMPANY

The Target Company

The Target Company is a limited company incorporated in the GuiZhou province of PRC with an issued share capital of RMB20,000,000 as at the date of this announcement. The principal businesses of the Target Company include investment in the mining and energy sectors; mechanical and electrical equipment and spare parts; steel and other metal surface treatment services; import and export trade (except for exporting state trading enterprises); car decorations and technical advice; sales on building materials and chemical products.

Financial information of the Target Company

Based on the unaudited financial statements prepared in accordance with the PRC Financial Reporting Standards, the Target Company recorded a total asset value of RMB18,862,369.93 as at 31 August 2012 (RMB20,006,676.66 as at 31 December 2011). The Target Company recorded current assets of RMB18,852,105.56 (RMB19,993,241.25 as at 31 December 2011) and nil current liabilities as at 31 August 2012 (RMB400.00 as at 31 December 2011).

As at 31 August 2012, the Target Company had RMB110,480.96 of cash (RMB191,920.05 as at 31 December 2011) and RMB18,698,624.60 of other receivables (RMB18,101,321.20 as at 31 December 2011), among which RMB16,625,605.40 (RMB1,432,532.00 as at 31 December 2011) is owed by ZunYi KunLun on its general expenses and projects fees.

The Target Company had no turnover in the first eight months of the current financial year (RMB5,726,495.73 as at 31 December 2011). It had recorded a net loss of RMB1,143,906.73 over the same period. For the year ended 31 December 2011, the Target Company recorded a net profit of RMB6,276.66.

The KT Cooperation Agreement entered into between KunLun & the Target Company

On 20 April 2011, KunLun and the Target Company entered into the KT Cooperation Agreement to set up ZunYi KunLun for a term of business operation of 30 years. The cooperation will utilise KunLun's natural gas resources, capital, technology, distribution network and brand name, and the Target Company's natural gas projects management experiences and local networks. KunLun will ensure sufficient and timely supply of natural gas to ZunYi KunLun's projects, while the Target Company will assist on developing CNG and L-CNG refilling stations, and applying for the relevant land use rights, construction, operating permits, and other legal and contractual interests, rights and benefits.

Information of the Projects

The Projects (including Project 3) consist of four (4) L-CNG filling stations, a CNG master filling station, a natural gas supply system to an industrial park and a high pressure natural gas supply network surrounding the ZunYi City. Two of the L-CNG filling stations are Wholly-owned Projects. Project 3, the free offer, is also a L-CNG filling station.

As at the date of this announcement, all the Projects (Projects 1 to 7) are in the construction stage, and are scheduled to commence operation in 2013, except for Project 1, which shall commence operation around September 2014.

PV COOPERATION AGREEMENT BETWEEN THE PURCHASER & THE VENDORS

Pursuant to the Acquisition Agreement, the Purchaser has entered into the PV Cooperation Agreement with the Vendors. Pursuant to the PV Cooperation Agreement, the PV Company will be established with the Purchaser contributing RMB16,000,000, or 80% of the registered capital of the PV Company and one of the Vendors, Mr. Lai ZuoYi (黎作義), contributing RMB4,000,000, or 20% of the registered capital of the PV Company. The PV Company's term of business operation is 30 years. Its main businesses include natural gas and other new energy projects together with the related facilities investment, technology development and technical services, wholesale of gas supply facilities, and modification into and sales of vehicles and vessels powered by natural gas. The PV Company will not be involved in the Projects.

C. RISK FACTORS

Set out below are the risk factors which may be associated with the Acquisition:

RISKS RELATING TO THE BUSINESS

The legal and contractual interests of the Projects are non-transferrable

The relevant legal and contractual interests of the Projects granted by the relevant PRC authority to KunLun, including but not limited to the license for operation and land use rights, are non-transferrable. The Target Company and ZunYi KunLun may not be able to procure KunLun to transfer the said legal and contractual interests of the Projects held by KunLun to them. Pursuant to the Acquisition Agreement, the legal and contractual interests will be surrendered by KunLun to the relevant PRC authority and the Target Company shall apply for granting of the said legal and contractual interests from the relevant government and regulatory authorities. The decisions to grant the legal and contractual interests by the said government and regulatory authorities are beyond the control of the Vendors, Kunlun, the Target Company and the Company. To counteract the said risks, the payments of the Second Installment and the Third Installment are conditional on the Target Company and/or ZunYi KunLun obtaining the legal and contractual interests of the Projects.

Completion of the Acquisition is subject to satisfaction of the conditions under the Acquisition Agreement and there is no assurance that all of those conditions will be satisfied

Completion of the acquisition of the Target Company under the Acquisition Agreement, and thereby the construction and operation of the Projects, is subject to the satisfaction of the conditions set out in the Acquisition Agreement (or in the case of a limited number of those conditions, the waiver by the Company if any of them is not satisfied). Details of those conditions are set out in the section headed “Conditions Precedent to the Acquisition Agreement”.

The fulfillment of certain of the conditions set out in the Acquisition Agreement is dependent on the fulfillment of obligations by the Vendors and KunLun with respect to which the Company is not able to exercise any control.

Similarly, the fulfillment of certain of the conditions set out in the Acquisition Agreement is dependent on the decision of government or regulatory authorities with respect to which none of the Vendors, the Target Company or the Company will be able to exercise any control.

There is no assurance that all of those conditions will be fulfilled within the deadline specified in the Acquisition Agreement or at all. If any of those conditions are not satisfied (and if it is capable of being waived by the Company as provided under the Acquisition Agreement, so waived by the Company), completion of the acquisition of the Sale Shareholding Rights will not proceed.

There may be unidentified risks relating to the Acquisition

Although the Group has conducted preliminary due diligence with respect to the Acquisition, the Group may not identify all material risks associated with the Acquisition due to inherent limitations of due diligence, including, among other things, unforeseen contingent risks or latent liabilities relating to the entities acquired or to be acquired that may not become apparent until in the future. Any such unidentified risk could have a material adverse impact on the Group's business, financial condition and results of operations after the completion of the Acquisition. Even if the Group identifies any such risk and terminate the Acquisition Agreement prior to the Completion, the Group's reputation may be harmed and the Group's prospects may be materially and adversely affected.

Fluctuation in the price of and supply and demand for CNG, L-CNG and LNG and the price of natural gas filling station related equipment, accessories and materials

The Board considers that there are many factors which may influence the price of and supply and demand for CNG, L-CNG and LNG, among others, the stability of the PRC economic situation and the fluctuation of the political and social condition, which are beyond the control of the Group.

Continuous investment in the repair and maintenance of the natural gas filling stations is necessary for safety purposes and in order to maintain stable operations. The price of equipment, accessories and materials for this purpose may fluctuate, resulting in fluctuations in corporate profits.

Flexibility to raise or set prices is limited by state-imposed price control measures

The price of natural gas in the PRC is subject to the control of the relevant state and provincial price administration authorities. The actual price for any given price-controlled natural resource set by suppliers cannot exceed the price ceiling imposed in accordance with the applicable government price control rules.

Hence, the Target Company and ZunYi KunLun may not be able to increase, at its discretion, the price of their CNG, L-CNG and LNG above the controlled price ceiling without prior governmental approval and the Target Company and ZunYi KunLun do not have unfettered freedom to maximise profits.

Significant and continuous capital investment

The businesses of the Target Company require significant and continuous capital investment. Projects may not be completed as planned or scheduled or adversely affected by numerous factors, including failure to obtain necessary regulatory approvals or sufficient funding, technical difficulties and manpower or other resource constraints. The costs of these projects may exceed the original budgets and may not achieve the intended economic results or commercial viability. Thus, the actual capital investment for operation and development may significantly exceed the Target Company's budgets because of factors beyond the Target Company's control, which could adversely affect the Target Company's financial condition and results of operations.

Assumption and factors of the preliminary evaluation may not be realized

The preliminary evaluation was compiled by the valuer based on certain factors and assumptions estimated by the management of the Company in running the Projects. The said assumptions and factors may not be realised and may affect the evaluation significantly.

Any failure to obtain and maintain required government approvals, permits and licenses for operation and land use or renewals thereof could materially and adversely affect the Target Company's business and results of operations

Under relevant PRC laws, the Target Company is required to obtain certain government approvals, permits and licenses, including but not limited to project approvals, environmental approvals, planning and construction permits, construction land use rights, business qualification and industrial and commercial registration, for construction and operation of the Projects, which are crucial to the Target Company's business operations. There is no assurance that the Target Company will obtain such approvals, permits and licenses in a timely manner in the future or at all. Any failure to obtain or any delay in obtaining or retaining any required governmental approvals, permits or licenses could subject the Target Company to a variety of administrative penalties or other government actions and adversely impact the Target Company's business operations.

The development and operation of projects under the Target Company are subject to risks relating to occupational hazards and operation safety

The Target Company may encounter accidents, maintenance or technical difficulties, mechanical failures or breakdowns during the development and operation processes. Accidents such as explosions, fires, equipment mishandling and/or mechanical failures may occur during the course of the Company's operations. These risks subject the Target Company to potentially significant liabilities relating to personal injury, death or property damage, civil and/or criminal liabilities, including the revocation of its operation licenses and land use rights, and the Target Company may be forced to suspend its operations, which may adversely affect its business, reputation, financial condition and results of operations.

RISKS RELATING TO THE PRC

Adverse changes in economic policies of the PRC government could have a material adverse effect on the overall economic growth of the PRC, which could materially and adversely affect the Target Company's business.

All of its assets are located in and substantially all of the Target Company's revenues are sourced from the PRC. Accordingly, its business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in the PRC generally, including the overall economic growth in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasising the utilisation of market forces in the economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial

portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may have a negative effect on the Target Company.

For example, the Target Company's operating results and financial condition may be adversely affected by changes in tax regulations that are applicable to it. On the other hand, as the natural gas industry is regulated by the National Development and Reform Commission and its relevant provincial office, any substantial amendments to the industry's policy and regulation by the commission may adjust the natural gas concessions and projects approval system, and obstruct the construction and operation of the Target Company's projects.

In addition, any future calamities, including natural disasters, outbreaks of contagious diseases and political or social unrest may adversely affect the economic growth in the PRC and therefore the business and financial performance of the Target Company.

D. EFFECT ON THE SHAREHOLDING STRUCTURE

The following table depicts the effects of the issuance of the Convertible Shares on the shareholding structure of the Company based on: (i) the issued share capital and shareholding structure of the Company as at the date of this announcement; (ii) assuming Completion, the issuance and allotment of the Convertible Bonds and the full conversion of the Convertible Shares at the Conversion Price, without taking into account the issuance of other new Shares, if any, and; (iii) assuming Completion, the issuance and allotment of the Convertible Bonds and the full conversion of the Convertible Shares at the Conversion Price, assuming full exercise of all subscription rights attaching to the Warrants.

	As at the date of this announcement		Immediately after full exercise of the conversion rights under the Convertible Bonds, without taking into account the issuance of other new Shares, if any;		Immediately after full exercise of the conversion rights under the Convertible Bonds assuming full exercise of all subscription rights attaching to the Warrants	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholder						
Max Sun Enterprises Limited (Notes 1, 3)	77,030,276	11.39%	77,030,276	11.02%	177,030,276	22.17%
Directors' Interests						
Mr. Cheng Ming Kit (Note 2)	1,000	0.0001%	1,000	0.0001%	1,000	0.0001%
Mr. Fung Siu To, Clement (Note 2)	30,000	0.0044%	30,000	0.0043%	30,000	0.0038%
Existing Public Shareholders						
Vendors	—	—	22,404,600	3.21%	22,404,600	2.80%
Other Shareholders	599,354,811	88.61%	599,354,811	85.77%	599,354,811	75.03%
Total	<u>676,416,087</u>	<u>100.00%</u>	<u>698,820,687</u>	<u>100.00%</u>	<u>798,820,687</u>	<u>100.00%</u>

Note:

1. Max Sun Enterprises Limited is a wholly-owned subsidiary of Chow Tai Fook Nominee Limited, which is in turn Wholly-owned by Dato' Dr. Cheng Yu Tung. As such, Chow Tai Fook Nominee Limited and Dato' Dr. Cheng Yu-Tung were deemed to have interest in the shares held by Max Sun Enterprises Limited for the purposes of Securities and Futures Ordinance.
2. Mr. Cheng Ming Kit is an executive Director and Mr. Fung Siu To, Clement is an independent non-executive Director.
3. Pursuant to the warrant subscription agreement dated 29 May 2012 entered by the Company and the subscriber Max Sun Enterprises Limited, the subscriber has conditionally agreed to subscribe for an aggregate of 100,000,000 warrants at the issuance price of HK\$0.02 per warrant conferring the rights to subscribe for an aggregate of 100,000,000 shares at the exercise price of HK\$1.05 per share (subject to adjustment upon the occurrence of some adjustment events). Each warrant carries the right to subscribe for one share subject to the condition that the minimum number of warrants to be exercised upon the

subscription rights attached to the warrants each time shall not be less than 1,000,000 shares (or an integral multiple thereof). The subscription rights will be exercisable within sixty months from the date of the issuance of the warrants.

E. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
30 August 2012	Placing of new shares under specific mandate	Approximately HK\$89.2 million	For general working capital purpose and for financing future investment opportunities which are expected to improve the profitability and/or broaden the revenue streams of the Group, including but not limited to (i) the development of the Tartagal Oriental and the Morillo concessions, (ii) another four concessions in Argentina as announced by the Company on 15 May 2012 and 31 July 2012; and (iii) financing the LNG and related business in the PRC.	Not yet utilised
29 May 2012	Subscription of unlisted warrants under the specific mandate	Approximately HK\$1.7 million	For general working capital of the Group	Not yet utilised
20 January 2012	Placing of new shares under general mandate	Approximately HK\$47.2 million	For the payment of exploration works in Argentina, to finance potential new projects and future investment opportunities	For the payment of exploration works in Argentina, to finance potential new projects and future investment opportunities

F. REASONS AND BENEFITS OF THE ACQUISITION

The Board believes that acquisition of the Target Company and the Projects through the Acquisition will enhance the Group's position in the PRC energy resources market, and provide the Group with a better opportunity for further project development in the same sector in the PRC. The Board (including the independent non-executive Directors) considers that the Acquisition has been made on normal commercial terms and such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interest of the Company and the Shareholders as a whole.

G. LISTING RULES IMPLICATIONS

As the applicable percentage ratios under the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The SGM will be held to consider and, if thought fit, approve the ordinary resolutions in respect of the relevant transactions contemplated under the Acquisition Agreement. As at the date of this announcement, the Vendors do not hold any Shares.

The Directors have confirmed that to their best knowledge, no Shareholder is interested in the Acquisition nor is required to abstain from voting at the SGM.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the evaluation report of the Projects; (iii) details of the Convertible Bonds to be issued under the Specific Mandate; and (iv) the notice of SGM to be convened and held for the purpose of considering and, if thought fit, passing the relevant resolution(s) to approve, among other things, the grant of the Specific Mandate for the allotment and issuance of the Conversion Shares falling to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Upon the passing of the relevant resolution(s) by the Shareholders at the SGM, an application will be made by the Company to the Stock Exchange for the approval of the listing of, and permission to deal in the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

The Acquisition Agreement is subject to a series of conditions precedent as set out in the section headed "Conditions Precedent to the Acquisition Agreement" and under the Acquisition Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

“Acquisition”	the proposed acquisition of 100% equity interest in the Target Company by the Purchaser from the Vendors on the terms and subject to the conditions set out in the Acquisition Agreement
“Acquisition Agreement”	the agreement and the supplementary agreement dated 1 December 2012 entered into between the Purchaser, the Target Company and the Vendors in respect of the Acquisition
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday, on which licensed banks in the PRC are generally open for banking business
“BVI”	British Virgin Islands
“CNG”	compressed natural gas
“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 (stock code: 00166)
“Completion”	the completion of the Acquisition, which is collectively, Completion A, B and C
“Completion A”	completion of the transfer of 100% equity interest of the Target Company from the Vendors to the Purchaser
“Completion B”	completion of sufficient transfer of the legal and contractual interests, rights and benefits, including but not limited to legal and valid land use rights, of each of the Projects to the Target Company and/or ZunYi KunLun
“Completion C”	completion of transfer of the legal and contractual interests, rights and benefits of each of the Projects to the Target Company and/or ZunYi KunLun
“Completion Date A”	the completion date of Completion A, the date the conditions precedent to Completion A are fully fulfilled or waived by the Purchaser
“Consideration”	the aggregate consideration of RMB35,000,000 (equivalent to approximately HK\$43,564,500) payable by the Purchaser to the Vendor for the Acquisition pursuant to the Acquisition Agreement

“Conversion Price”	the initial conversion price of HK\$1.00 per Conversion Share
“Convertible Bonds”	the convertible bonds in the maximum aggregate principal amount of HK\$22,404,600 (equivalent to RMB18,000,000) to be issued by the Company in favour of the Vendors and/or their nominee(s) upon Completion B and C
“Convertible Bonds A”	the convertible bonds in the maximum aggregate principal amount of HK\$18,048,150 (equivalent to RMB14,500,000) to be issued by the Company in favour of the Vendors and/or their nominee(s) upon Completion B
“Convertible Bonds B”	the convertible bonds in the maximum aggregate principal amount of HK\$4,356,450 (equivalent to RMB3,500,000) to be issued by the Company in favour of the Vendors and/or their nominee(s) upon Completion C
“Conversion Shares”	the new Shares to be issued and allotted by the Company upon the exercise of the conversion rights thereunder in full by the holders of the Convertible Bonds at the Conversion Price
“Director(s)”	the director(s) of the Company
“First Installment”	Refundable Deposit A and Refundable Deposit B, collectively
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“JV Projects”	Projects 1 to 5 as shown in Table 1
“KT Cooperation Agreement”	the cooperation agreement entered into on 20 April 2011 between KunLun and the Target Company to set up ZunYi KunLun for a term of business operation of 30 years.
“KunLun”	PetroChina KunLun Piped Gas Company Limited, a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of PetroChina
“L-CNG”	liquefied to compressed natural gas, i.e. CNG re-processed from LNG at refilling stations

“Last Trading Day”	30 November 2012, being the last trading day prior to the signing of the Acquisition Agreement
“Listing Rules”	the rules governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“Long Stop Date A”	31 March 2013, the latest time for the fulfillment of the conditions precedent to Completion A
“Long Stop Date B”	30 November 2013, i.e. 12 months from the date of signing the Acquisition Agreement, and the latest time for the fulfillment of the conditions precedent to Completion B
“Long Stop Date C”	31 May 2014, i.e. 18 months from the date of signing the Acquisition Agreement, and the latest time for the fulfillment of the conditions precedent to Completion C
“NT Gas”	新時代燃氣(香港)有限公司 (New Times Gas (Hong Kong) Limited*), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“PBOC”	the People’s Bank of China
“PetroChina”	PetroChina Company Limited, a joint stock limited company incorporated in the PRC under the Company Law of the PRC, and listed on the main boards of the Shanghai Stock Exchange and the Stock Exchange together with American depository shares listed on the New York Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Projects”	the Wholly-owned Projects and the JV Projects, collectively
“Purchaser”	深圳中港新時代能源有限公司 (ShenZhen Sino Hong Kong New Time Energy Corporation Limited*), a wholly foreign-owned enterprise established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“PV Company”	遵義新時代能源有限公司 (ZunYi New Times Energy Corporation Limited)

“PV Cooperation Agreement”	the proposed cooperation agreement to be entered into between the Purchaser and the Vendors pursuant to which, the PV Company will be established with the Purchaser contributing RMB16,000,000 or 80% of the registered capital of the PV Company and one of the Vendors, Mr. Lai ZuoYi (黎作義), contributing RMB4,000,000, or 20% of the registered capital of the PV Company
“Second Installment”	the issuance of Convertible Bonds A by the Company, as procured by the Purchaser, with a maximum principal amount of HK\$18,048,150 (equivalent to RMB14,500,000) to the Vendors, upon Completion B
“SFC”	the Securities and Futures Commission
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, to approve by the Shareholders, among other things, the grant of the Specific Mandate for the allotment and issuance of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds
“Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shine Great”	盛宏投資有限公司 (Shine Great Investments Limited*), a company incorporated in the BVI with limited liability, an indirectly held wholly-owned subsidiary of the Company and is an investment holding company
“Specific Mandate”	the specific mandate for the allotment and issuance of the Conversion Shares (upon exercise in full of the conversion rights attaching to the Convertible Bonds) to be granted to the Directors by the Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission of Hong Kong
“Target Company”	貴州舜堯能源投資有限公司 (GuiZhou ShunYao Energy Investment Co., Ltd*)

“Third Installment”	the issuance of Convertible Bonds B by the Company, as procured by the Purchaser, with a maximum principal amount of HK\$4,356,450 (equivalent to RMB3,500,000) to the Vendors, upon Completion C
“Threshold Level”	120% of the Conversion Price of the respective Convertible Bonds
“Total Belief”	確信有限公司 (Total Belief Limited*), a company incorporated in the BVI with limited liability, a directly held wholly-owned subsidiary of the Company and is an investment holding company
“Vendors”	the shareholders of the Target Company prior to the Acquisition, namely Mr. Lai ZuoYi (黎作義), Mr. Lai ZuoJun (黎作軍), Mr. Zhang ChaoLin (張超林), and Mr. Zhang ZhiChao (張志超), who respectively held 60%, 20%, 10%, and 10% of the shareholdings of the Target Company and being the vendors under the Acquisition Agreement
“Wholly-owned Projects”	Projects 6–7 as shown in Table 1
“ZunYi KunLun”	遵義中石油昆侖天然氣利用有限公司 (ZunYi KunLun Company Limited*), a company incorporated in GuiZhou Province of PRC with a registered capital of RMB50,000,000, which is 60% owned by KunLun and 40% owned by the Target Company under KT Cooperation Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ are based on the approximated exchange rate of RMB1.00 to HK\$1.2447.

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

Hong Kong, 2 December 2012

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

* For identification purpose only