

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in New Times Energy Corporation Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institutions in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



NEW TIMES ENERGY CORPORATION LIMITED

新時代能源有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00166)

**CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF 22% EQUITY INTEREST OF
NEW PHOENIX GLOBAL LIMITED
INVOLVING THE PROPOSED ISSUE OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

Financial Adviser to the Company



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

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the board of directors of the Company is set out on pages 5 to 20 of this circular. A letter from the independent board committee of the Company is set out on pages 21 to 22 of this circular. A letter from Donvex Capital Limited, the independent financial adviser of the Company, containing its advice to the independent board committee and the independent shareholders of the Company is set out on pages 23 to 33 of this circular.

A notice convening the special general meeting of the Company (the “SGM”) to be convened and held at 3/F, Nexus Building, 77 Des Voeux Road Central, Hong Kong on 15 March 2013 at 10:40 a.m. is set out on pages 62 to 64 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer agent in Hong Kong, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

* For identification purpose only

27 February 2013

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DEFINITIONS

Terms or expressions used in this circular shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Acquisition”	the proposed acquisition of 22% equity interest in the Target Company by the Purchaser from the Vendor on the terms and subject to the conditions set out in the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 22 January 2013, as supplemented by the supplementary agreement dated 23 January 2013 both of which were entered into between the Purchaser and the Vendor in respect of the Acquisition
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday) on which licensed banks in Hong Kong are generally open for banking business
“BVI”	British Virgin Islands
“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
“Completion Date”	at 4:00 p.m. (Hong Kong time) within 2 Business Days after the date of issuance of the Written Confirmation or on such later date to be specified by the Purchaser in writing
“Conditions Precedent Fulfilment Date”	on or before 22 April 2013 or any designated Business Day agreed by the Purchaser and the Vendor in writing for all the conditions precedent to be fulfilled
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the aggregate consideration of HK\$13,900,000 payable by the Purchaser to the Vendor for the Acquisition
“Conversion Price”	the conversion price of HK\$1.00 per Conversion Share
“Conversion Shares”	a maximum of 11,900,000 new Shares falling to be issued and allotted by the Company upon the exercise of the conversion rights in full by the holders of the Convertible Bonds at the Conversion Price

DEFINITIONS

“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$11,900,000 to be issued by the Company to the Vendor within 10 Business Days upon Completion
“Director(s)”	the director(s) of the Company
“Evaluation Report”	the project evaluation report prepared by LCH (Asia-Pacific) Surveyors Limited in respect of the financial net present value of the Projects of the Target Group
“First Alpha”	First Alpha Holding Limited, a wholly-owned subsidiary of the Target Company, is a limited company incorporated in Hong Kong
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising all of the independent non-executive Directors, namely Mr. Fung Siu To, Clement, Mr. Chan Chi Yuen and Mr. Chiu Wai On to advise the Independent Shareholders in relation to the Acquisition and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds)
“Independent Financial Adviser”/“Donvex Capital”	Donvex Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the transactions contemplated thereunder, including the grant of the Specific Mandate
“Independent Shareholders”	shareholders of the Company other than those who are required to abstain from voting at the SGM pursuant to the Listing Rules
“Latest Practicable Date”	22 February 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“LNG”	liquefied natural gas
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Projects”	4 LNG stations in Xuzhou City Tongshan District Liuxinzen* (徐州市銅山區柳新鎮) and 1 LNG project in Xuzhou City (徐州) for supplying LNG to 2,000 households
“Purchaser”	Total Belief Limited, a wholly-owned subsidiary of the Company and a company incorporated in the BVI with limited liability
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, to approve by the Independent Shareholders, among other things, the Acquisition Agreement and the transactions contemplated thereunder, including 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 registered holder(s) of the Shares
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed thereto in the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases issued by the SFC
“Target Company”	New Phoenix Global Limited, an indirect non wholly-owned subsidiary of the Company and a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries

DEFINITIONS

“Vendor”	Ms. Lin Ru Xiang, a substantial shareholder of the Target Company and a connected person of the Company
“Written Confirmation”	written confirmation to be issued by the Purchaser in relation to the fulfillment of all the conditions precedent of the Acquisition Agreement
“Xuzhou New Times”	Xuzhou New Times Limited, a wholly-owned subsidiary of First Alpha, is a limited company incorporated in the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

For the purpose of this circular, unless otherwise specified, conversion of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.245.



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*)
Mr. Sun Jiang Tian

Non-executive Director:

Mr. Wong Man Kong, Peter

Independent non-executive Directors:

Mr. Fung Siu To, Clement
Mr. Chan Chi Yuen
Mr. Chiu Wai On

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*

Room 1007-8, 10/F
New World Tower 1
18 Queen's Road Central
Central, Hong Kong

27 February 2013

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF 22% EQUITY INTEREST OF
NEW PHOENIX GLOBAL LIMITED
INVOLVING THE PROPOSED ISSUE OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements dated 22 January 2013 and 23 January 2013 in relation to the Acquisition.

On 22 January 2013 (after trading hours), the Purchaser entered into the Acquisition Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 22% equity interest of the Target

* For identification purpose only

LETTER FROM THE BOARD

Company for the Consideration of HK\$13,900,000, of which HK\$2,000,000 will be satisfied by cash and HK\$11,900,000 will be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor.

On 23 January 2013, the Purchaser entered into a supplementary agreement to the Acquisition Agreement with the Vendor, pursuant to which conditions precedent to the Acquisition Agreement have been added and/or amended.

As at the Latest Practicable Date, the equity interest of the Target Company is owned as to 51% and 49% by the Purchaser and the Vendor respectively. As the Vendor is a substantial shareholder of the Target Company, the Vendor and its associates are connected persons of the Company under the Listing Rules and the Acquisition constitutes a non-exempted connected transaction on the part of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Fung Siu To, Clement, Mr. Chan Chi Yuen and Mr. Chiu Wai On, has been formed to advise the Independent Shareholders of the fairness and reasonableness of the Acquisition Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issuance of the Convertible Shares falling to be issued upon the exercise of the conversion rights attaching to the Conversion Bonds. Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition; (ii) further details of the Convertible Bonds to be issued under the Specific Mandate; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a letter from the Independent Board Committee to the Independent Shareholders; (v) the Evaluation Report in respect of the financial net present value of the Projects; and (vi) the notice of SGM.

THE ACQUISITION AGREEMENT

Date: 22 January 2013 and supplemented by a supplementary agreement dated 23 January 2013

Parties: (i) Purchaser: Total Belief Limited
(ii) Vendor: Ms. Lin Ru Xiang

Asset to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 22% equity interest of the Target Company for a total consideration of HK\$13,900,000. Upon Completion, the Target Company will be owned as to 73% and 27% by the Purchaser and Vendor respectively.

LETTER FROM THE BOARD

Consideration

The Consideration of HK\$13,900,000 will be satisfied by the Purchaser in the following manner:

- (i) HK\$2,000,000 by cash upon Completion; and
- (ii) HK\$11,900,000 by issuance of Convertible Bonds by the Company to the Vendor within 10 Business Days upon Completion.

The cash consideration of HK\$2,000,000 shall be satisfied by internal resources of the Group.

Conditions Precedent

On 23 January 2013, the Purchaser and the Vendor entered into a supplementary agreement to the acquisition agreement dated 22 January 2013 for the adopting of conditions precedent concerning the approval of the issue of the Convertible Bonds under the Specific Mandate, pursuant to which conditions precedent (i) and (ii) below have been amended and conditions precedent (iii) and (x) below have added to the conditions precedent of the acquisition agreement dated 22 January 2013.

Pursuant to the Acquisition Agreement, the Acquisition is conditional upon the fulfillment of, or to the extent applicable, the waiver of the following conditions:

- (i) 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 issue of the Convertible Bonds, the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds;
- (ii) the Listing Committee of the Stock Exchange, having granted the listing of and permission to deal in the Conversion Shares, and approved, where required, the issuance of the Convertible Bonds;
- (iii) the passing by the Independent Shareholders at the SGM to be convened and held, of the necessary resolution(s) to approve the Acquisition Agreement and the transactions contemplated thereunder, including 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;

LETTER FROM THE BOARD

- (iv) the Purchaser having obtained a valuation report at any time up to 10 days prior to the Conditions Precedent Fulfilment Date from a qualified valuer (engaged by the Purchaser) stating that the market value of the Projects being not less than RMB63,500,000 (equivalent to approximately HK\$79,100,000);
- (v) The Purchaser's representations, warranties and guarantees under the Acquisition Agreement shall be true, accurate and complete in all respects on and as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date;
- (vi) the Vendor's representations, warranties and guarantees under the Acquisition Agreement shall be true, accurate and complete in all respects on and as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date;
- (vii) from the date of signing of the Acquisition Agreement, there being no material adverse change to the business, operation, assets or financial status of the Target Company or any undisclosed risk in respect of the Target Company;
- (viii) the Purchaser having received from its qualified PRC legal adviser a PRC legal opinion in such form and substance satisfactory to the Purchaser;
- (ix) results of all legal, accounting, financial, operational and other material due diligence on the Target Company are reasonably satisfactory to the Purchaser; and
- (x) 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 Acquisition Agreement, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights under the Convertible Bonds and other transactions contemplated therein.

If any of those conditions are not satisfied on or before 22 April 2013, unless waived by the Purchaser in writing or both parties agree to postpone the Conditions Precedent Fulfilment Date to a designated Business Day, the Purchaser shall be entitled to terminate the Acquisition and the Acquisition will not proceed. Any such termination shall be effective upon written notice by the Purchaser.

The Purchaser shall issue the Written Confirmation in relation to the fulfilment of all the conditions precedent above within 10 Business Days.

Save in respect of any rights and obligations which may accrue under the Acquisition Agreement, no party thereto shall have any claims against the other parties thereunder (but without prejudice to any other right or remedy it may have).

LETTER FROM THE BOARD

Completion

Subject to the satisfaction or waiver (as the case may be) of the conditions precedent as described above and the issuance of the Written Confirmation by the Purchaser, Completion shall take place at 4:00 p.m. (Hong Kong time) within 2 Business Days after the date of issuance of the Written Confirmation or on such later date to be agreed by the Purchaser at the principal place of business of the Purchaser in Hong Kong or such other place and time as shall be specified by the Purchaser in writing.

TERMS OF THE CONVERTIBLE BONDS

- | | |
|-------------------|---|
| Issuer: | the Company |
| Principal amount: | HK\$11,900,000 |
| Interest: | Nil |
| Maturity date: | the 1st anniversary of the date of issue. The Company shall redeem any Convertible Bonds which remains outstanding at 4:00 p.m. on the maturity date at its principal amount. |
| Conversion: | <p>holders of the Convertible Bonds have the right to convert the whole or part (in the multiple of HK\$1,000,000 into Conversion Shares unless the outstanding principal amount of the Convertible Bond held by a bondholder is less than HK\$1,000,000) of their Convertible Bonds, credited as fully paid, at any time during the conversion period at the Conversion Price of HK\$1.00 per Conversion Share (subject to customary adjustments upon the occurrence of consolidation or subdivision of Shares, capitalisation issue, capital distribution, rights issue and other dilutive events) provided that no conversion right attached to the Convertible Bonds shall be exercised if:</p> <ul style="list-style-type: none">(i) following such exercise, a holder of the Convertible Bonds and parties acting in concert with it, taken together, will directly or indirectly control or be interested in 30% or more of the entire issued share capital of the Company (or in such lower percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer); or(ii) immediately after such conversion, the public float of the Shares falls below the minimum public float requirements stipulated under Rule 8.08 of the Listing Rules and as required by the Stock Exchange. |

LETTER FROM THE BOARD

Conversion Price:	initially, HK\$1.00 per Conversion Share.
Conversion Shares:	11,900,000 Conversion Shares shall be issued pursuant to the Specific Mandate.
Ranking:	the Conversion Shares, when allotted and issued, shall rank <i>pari passu</i> in all respects with the Shares in issue on the date of issue and allotment of the Conversion Shares.
Transferability:	the Convertible Bonds may be transferred to any person other than a connected person of the Company except in compliance with the applicable requirements under the Listing Rules and the Takeovers Code. Any transfer of the Convertible Bonds shall be in respect of the whole or part only in integral multiples of HK\$1,000,000 of the outstanding principal amount of the Convertible Bonds.
Voting rights:	holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any meeting of the Shareholders by reason of being a holder of the Convertible Bonds only.
Listing:	the Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Assuming full conversion of the aggregate principle amount of the Convertible Bonds of HK\$11,900,000 at the Conversion Price of HK\$1.00 per Conversion Share, a maximum of 11,900,000 Conversion Shares shall be issued by the Company, representing approximately 1.57% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 1.54% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares (assuming that the number of issued Shares is not otherwise altered).

The Conversion Price of HK\$1.00 per Conversion Share represents:

- (i) a premium of approximately 8.70% over the closing price of HK\$0.92 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 1.01% over the closing price of HK\$0.990 per Share as quoted on the Stock Exchange on 22 January 2013, being the date of the Acquisition Agreement;
- (iii) a premium of approximately 6.16% over the average closing prices of HK\$0.942 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Acquisition Agreement;

LETTER FROM THE BOARD

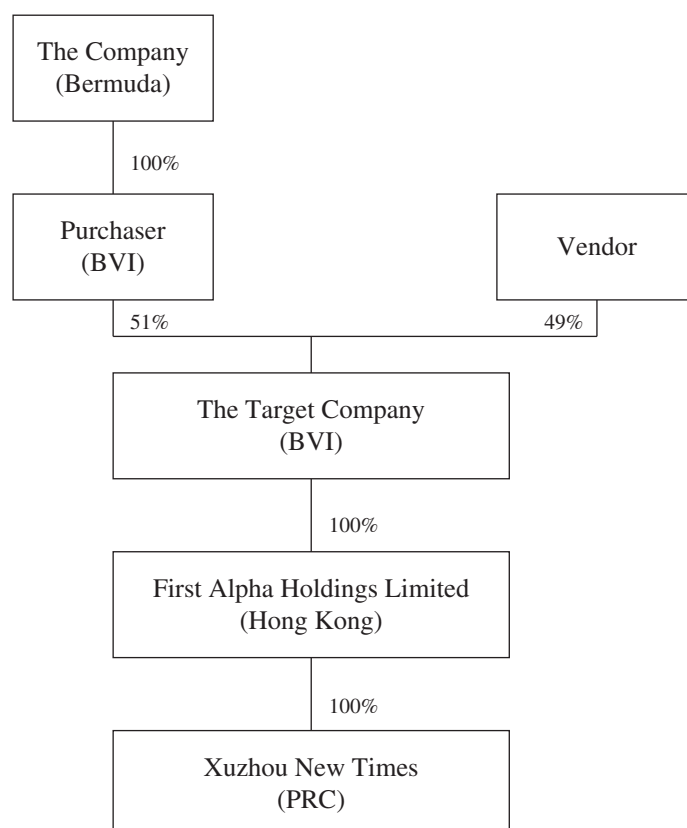
- (iv) a premium of approximately 4.28% over the average closing price of HK\$0.959 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Acquisition Agreement; and
- (v) a discount of approximately 81.09% from the unaudited consolidated net asset value as at 30 June 2012 of approximately HK\$5.29 per Share, calculated based on the unaudited consolidated net asset value attributable to the owners of the Company as at 30 June 2012 and 711,416,087 Shares in issue as at the date of the Acquisition Agreement.

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

CHANGE OF SHAREHOLDER STRUCTURE

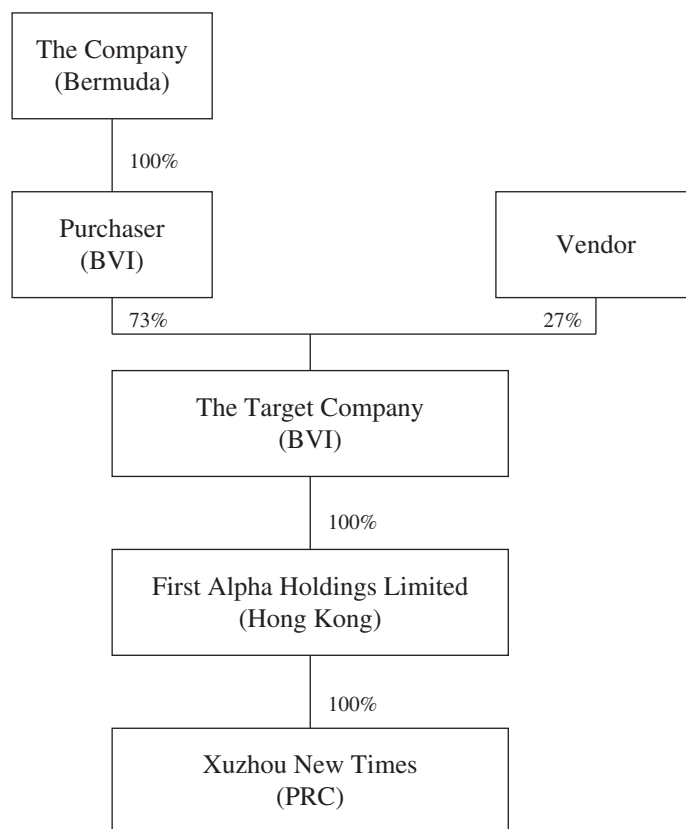
The following diagrams illustrate the change of shareholding structure of the Target Company before and after Completion under the Acquisition Agreement respectively:

Before Completion



LETTER FROM THE BOARD

After Completion



INFORMATION ON THE VENDOR

On 8 November 2012, the Vendor, Ms. Lin Ru Xiang, entered into a subscription agreement with the Target Company to subscribe for 49% equity interest of the Target Company for a consideration of HK\$10,000,000 in cash.

As the Vendor is a substantial shareholder of the Target Company, the Vendor and its associates are connected persons of the Company under the Listing Rules and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

INFORMATION ON THE PURCHASER

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the BVI with limited liability and is an investment holding company.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET GROUP

As at the Latest Practicable Date, the equity interest of the Target Company is owned as to 51% and 49% by the Purchaser and the Vendor respectively. The Target Company is a limited company incorporated in the BVI since 31 August 2012 and is an investment holding company.

On 13 September 2012, the Company, through the Purchaser, established the Target Company. The Purchaser held 100 shares of the Target Company, representing 100% of the equity interest of the Target Company.

On 6 November 2012, the Purchaser subscribed 2 additional shares of the Target Company for a consideration of HK\$10,467,383.

On 8 November 2012, the Target Company entered into a subscription agreement with the Vendor, pursuant to which, the Target Company had agreed to issue and the Vendor had agreed to subscribe 98 new shares of the Target Company, representing 49% equity interest of the Target Company as enlarged by the additional 98 shares of the Target Company, for a consideration of HK\$10,000,000.

On 10 November 2012, Purchaser and the Vendor entered into a shareholder loan memorandum of understanding with the Target Company, pursuant to which, the Purchaser and the Vendor granted a shareholder loan of HK\$29,218,709.37 and HK\$28,072,877.63 to the Target Company respectively, in proportion to their respective shareholdings in the Target Company, with a term of one year (expiring on 10 November 2013) or any term as shall be agreed by the Purchaser, the Vendor and the Target Company at an interest rate of 4% per annum.

As disclosed in the announcement of the Company dated 22 January 2013, in order to avoid postponement of the Projects and satisfying the register capital requirement of Xuzhou New Times, the Purchaser and the Vendor entered into a loan memorandum of understanding on 10 November 2012, pursuant to which the Purchaser granted a loan of HK\$18,072,877.63 to the Vendor, with a term of one year (expiring on 10 November 2013) or any term as shall be agreed by the Purchaser and the Vendor and an interest rate of 4% per annum.

As at the Latest Practicable Date, the financial assistance provided by the Purchaser to the Vendor are in aggregate HK\$18,072,877.63 and the shareholder loan provided by the Vendor and Purchaser to the Target Company are HK\$29,218,709.37 and HK\$28,072,877.63 respectively.

The Target Company is the sole shareholder of First Alpha, a limited company incorporated in Hong Kong, which is principally an investment holding company.

First Alpha is the sole shareholder of Xuzhou New Times, a limited company incorporated in the PRC with a registered capital of USD10,000,000, which is principally engaged in manufacturing solar battery, LNG supply systems installation services and LNG supply consultation service.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Target Group is planning to establish 4 LNG refilling stations in Xuzhou City Tongshan District Liuxinzhen* (徐州市銅山區柳新鎮), of which 2 LNG refilling stations shall commence operation in 2013 and 2 LNG refilling stations shall commence operation in 2014. Further, the Target Group will develop a residential LNG project in Xuzhou City* (徐州) in 2014 which will supply LNG to 2,000 households.

In order to commence operation of the said LNG refilling stations, the Target Group shall obtain (if applicable), including but not limited to, land use rights* (土地使用權證), construction site planning permit* (建築用土規劃許可證), construction project planning permit* (建築工程規劃許可證), fire safety assessment* (消防評審), environmental impact assessment* (環境評估), safety assessment* (安全評估), lightning assessment* (防雷評估), acceptance of fire safety* (消防竣工驗收), acceptance of environmental impact assessment* (環境評估驗收), acceptance of safety facilities* (安全設施竣工驗收), acceptance and report of project* (項目整體竣工驗收及備案), dangerous chemicals business license* (危險化學品經營許可證), natural gas business license* (燃氣經營許可證) and business license* (營業執照).

The Company is currently undergoing negotiation with the local government of Xuzhou City for obtaining the land use rights and the Company will apply for the necessary and relevant regulatory approval and permit at the relevant construction stage of LNG refilling stations for commencing of business.

Financial Information on the Target Group

The Target Company was established on 31 August 2012. Set out below is a summary of the unaudited consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards since the incorporation of the Target Group:

**For the
4 months ended
31 December 2012**
Approximately '000

Net loss before/after taxation	HK\$1,056
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As at 31 December 2012, the unaudited consolidated net asset value of the Target Group amounted to approximately HK\$18,981,000 which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

LETTER FROM THE BOARD

BASIS OF THE CONSIDERATION

The Consideration has been arrived at after arm's length negotiations between the Company, the Purchaser and the Vendor and was determined with reference to, amongst others:

- (i) the huge potential of the LNG refilling stations in Xuzhou as the city is having a supreme geographical location near the boundary of Jiangsu, Shandong, Henan and Anhui Provinces. Besides, it is the major transportation centre in eastern China in which there are airport, expressways and vessels. It is also the second largest city in Jiangsu Province, which enables a strong demand for LNG by various vehicles; and
- (ii) the preliminary and initial evaluation of the financial net present value of the Projects prepared by LCH (Asia-Pacific) Surveyors Limited, an independent professional valuer, according to which the total financial net present value of the Projects, if successful, was in the region of RMB63,500,000 (equivalent to approximately HK\$79,100,000) as at 31 December 2012. The evaluation was based on discounted cash flows and projections of profits, and constitutes a profit forecast under Rule 14.61 of the Listing Rules. The Consideration is based on a 20% discount of the 22% equity interest of the Target Company in the total financial net present value of the Projects.

RISK FACTORS

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

Most of the Projects are at a preliminary construction stage

As at the Latest Practicable Date, most Projects are at a preliminary construction stage.

Possible unidentified risks concerning 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 terminates 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.

LETTER FROM THE BOARD

Fluctuation in the price of and supply and demand for 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 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 Group may not be able to increase, at its discretion, the price of their LNG above the controlled price ceiling without prior governmental approval and the Target Group do not have unfettered freedom to maximise profits.

Significant and continuous capital investment

The businesses of the Target Group 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 Group's budgets because of factors beyond the Target Group'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 realised

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 Group's business and results of operations.

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Under relevant PRC laws, the Target Group 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 Group 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.

LETTER FROM THE BOARD

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 Group.

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.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board holds the view that the increase in shareholding in the Target Company 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 Target Company will expand its LNG businesses in the PRC, which will require additional contribution of funds from the shareholders of the Target Company. As the Vendor has difficulties in providing additional fund contributions to the Target Company and the Purchaser and the Vendor have differing opinions in terms of the business strategy of the Target Company, the Purchaser and Vendor entered into the Acquisition Agreement to avoid delays in the investment in the LNG projects of the Target Company.

The Board (including independent non-executive Directors) holds the view 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.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the equity interest of the Target Company is owned as to 51% and 49% by the Purchaser and the Vendor respectively. As the Vendor is a substantial shareholder of the Target Company, the Vendor and its associates are connected persons of the Company under the Listing Rules and the Acquisition constitutes a non-exempted connected transaction on the part of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition Agreement and the transactions contemplated thereunder are subject to, among other things, reporting, announcement and the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Acquisition Agreement as at the Latest Practicable Date. Accordingly, none of the Shareholders will be required to abstain from voting at the SGM in respect of the relevant resolution(s) relating to the Acquisition and the Specific Mandate.

None of the Directors has a material interest in the Acquisition and no Director was required to abstain from voting in the resolutions approving the Acquisition Agreement and the transactions contemplated thereunder at the relevant meeting of the Board.

Upon the passing of the relevant resolution(s) by the Shareholders at the SGM, an application will be made by the Company to the Listing Committee of 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.

SGM

A notice of the SGM is set out on pages 62 to 64 of this circular. The SGM will be convened and held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on 15 March 2013 at 10:40 a.m., at which, the relevant resolution(s) will be proposed to the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Acquisition Agreement and the transactions contemplated thereunder including the grant of Specific Mandate to allot and issue the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds. Pursuant to Rule 13.39(4) of the Listing Rules, all votes to be taken at the SGM will be taken by way of poll.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer agent of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event, not later than 48 hours before the time of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

The Acquisition is subject to a series of conditions precedent 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.

RECOMMENDATION

Your attention is drawn to:

- (i) the letter from the Independent Board Committee (comprising Mr. Fung Siu To, Mr. Chan Chi Yuen, Clement and Mr. Chiu Wai On, all being independent non-executive Directors) set out on pages 21 to 22 of this circular which contains the recommendation of the Independent Board Committee to the Independent

LETTER FROM THE BOARD

Shareholders concerning the fairness and reasonableness of the Acquisition Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate; and

- (ii) the letter from the Independent Financial Adviser set out on pages 23 to 33 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders on whether the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms of the Acquisition Agreement are fair and reasonable and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendations.

Having considered the reasons as set out herein, the Board recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to approve, among other things, the Acquisition Agreement and the transactions contemplated thereunder, including the grant of Specific Mandate to allot and issue the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds at the SGM.

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



NEW TIMES ENERGY CORPORATION LIMITED

新時代能源有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00166)

27 February 2013

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF 22% EQUITY INTEREST OF
NEW PHOENIX GLOBAL LIMITED
INVOLVING THE PROPOSED ISSUE OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE**

We refer to the circular of the Company to the Shareholders dated 27 February 2013 (the “Circular”), in which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to consider the connected transaction in relation to the Acquisition pursuant to the terms and conditions contained in the Acquisition Agreement together with the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issuance of the Conversion Shares upon the exercise in full of the conversion rights attaching to the Convertible Bonds (the “Proposed Transaction”) and to advise the Independent Shareholders as to whether, in our opinion, the Proposed Transaction is fair and reasonable so far as the Independent Shareholders are concerned.

Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Transaction.

We wish to draw your attention to the letter from the Board set out on pages 5 to 20 of the Circular which contains, among others, information on the Proposed Transaction as well as the letter from the Independent Financial Adviser set out on pages 23 to 33 of the Circular which contains its advice in respect of the Proposed Transaction.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE
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Having considered the principal factors and reasons and the advice of the Independent Financial Adviser as set out in the letter from the Independent Financial Adviser, and the view of the Board in respect of the Acquisition, we consider the entering into the Acquisition Agreement and the transactions contemplated thereunder, including 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 to be fair and reasonable, entered into on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Proposed Transaction at the SGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Mr. Fung Siu To, Clement

Mr. Chan Chi Yuen
Independent non-executive Directors

Mr. Chiu Wai On

LETTER FROM DONVEX CAPITAL

The following is the text of a letter of advice from Donvex Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the connected transaction which has been prepared for the purpose of incorporation in this circular:



Unit 1305, 13th Floor
Carpo Commercial Building
18–20 Lyndhurst Terrace
Central
Hong Kong

27 February 2013

*To the Independent Board Committee and the Independent Shareholders of
New Times Energy Corporation Limited*

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF 22% EQUITY INTEREST OF NEW PHOENIX GLOBAL LIMITED

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders (as defined hereafter) in relation to the acquisition of 22% equity interest of the Target Company, details of which are set out in the letter from the Board (the “Board Letter”) contained in this circular (the “Circular”) dated 27 February 2013 issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 22 January 2013, the Purchaser, entered into an Acquisition Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 22% equity interest of the Target Company for a total Consideration of HK\$13,900,000 which will be satisfied by cash consideration of HK\$2,000,000 and issuance of Convertible Bonds in an aggregate principal amount of HK\$11,900,000 by the Company to the Vendor.

On 23 January 2013, the Purchaser entered into a supplementary agreement to the Acquisition Agreement with the Vendors, pursuant to which additional conditional precedents have been added to the Acquisition Agreement.

As at the Latest Practicable Date, the equity interest of the Target Company is owned as to 51% and 49% by the Purchaser, and the Vendor respectively. As the Vendor is a substantial shareholder of the Target Company, the Vendor and its associates are connected persons of the Company under the Listing Rules and the Acquisition constitutes a non-exempted connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

LETTER FROM DONVEX CAPITAL

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. Fung Siu To, Clement, Mr. Chan Chi Yuen and Mr. Chiu Wai On has been established to advise the Independent Shareholders the fairness and reasonableness of the Acquisition and the grant of Specific Mandate. Donvex Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the SGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the connected transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments, including any material change in market and economic conditions, may affect or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Donvex Capital is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background to and reason for the Acquisition Agreement

On 22 January 2013, the Purchaser, entered into an Acquisition Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 22% equity interest of the Target Company for a total Consideration of HK\$13,900,000 which will be satisfied by cash consideration of HK\$2,000,000 and issuance of Convertible Bonds in an aggregate principal amount of HK\$11,900,000 by the Company to the Vendor.

On 23 January 2013, the Purchaser entered into a supplementary agreement to the Acquisition Agreement with the Vendors, pursuant to which additional conditional precedents have been added to the Acquisition Agreement.

As the Group is principally engaged in investment holding, and its subsidiaries are mainly engaged in general trading, oil exploration and exploitation, energy and natural resources related business, the Board is always looking for the opportunity to expand its business into the energy and natural resources segment.

As stated in the Letter from the Board to the Circular, the Board holds the view that the increase in shareholdings in the Target Company will (i) enhance the Group's position in the PRC energy resources market; (ii) provide the Group with a better opportunity for further development in the same sector in the PRC considered that the Target Group has already developed its business network in the PRC energy resources market when developing the LNG business in the PRC; and (iii) avoid postponement for investing in the Target Company's LNG projects as the Purchaser and the Vendor have different opinions in business strategy of the Target Company.

Taking into account the above factors, we are of the view that the entering into the Acquisition Agreement is in the usual and ordinary course of the business of the Group and is in the interest of the Company and Shareholders as a whole.

2. Business and financial of the Target Group

The Target Company is a limited company incorporated in BVI since 31 August 2012 and is an investment holding company. The Target Company is the sole shareholder of First Alpha, a limited company incorporated in Hong Kong, which is principally an investment holding company. First Alpha is the sole shareholder of Xuzhou New Times, a limited company incorporated in the PRC with a registered capital of USD10,000,000, which is principally engaged in manufacturing solar battery, LNG supply systems installation services and LNG supply consultation service. The Target Group will establish

LETTER FROM DONVEX CAPITAL

4 LNG stations in Xuzhou City Tongshan District Liuxinzhen. Further, the Target Group will develop a residential LNG project in Xuzhou City which will supply LNG to 2,000 households.

Set out below is a summary of the unaudited consolidated financial information of the Target Group prepared in accordance with the financial reporting standards since the incorporation of the Target Group:

	For the four months ended 31 December 2012 <i>HK\$'000</i> (Unaudited)
Turnover	0
Other revenue	2,062
Profit/(Loss) before Taxation	(1,056,030)
Profit/(Loss) after Taxation	(1,056,030)
Net assets/(liabilities)	18,981,438
Net current assets/(liabilities)	18,981,438
Cash and cash equivalents	<u>32,473,661</u>

As the Target Group has only established for four months, the financial result of the Target Group for the year ended 31 December 2012 should not be used as the basis for the evaluation of its future performance. In order to assess the prospect of the Target Group, we have performed some research and analysis of the LNG industry below.

3. Industry overview of LNG industry in PRC

According to a news article (<http://www.bloomberg.com/news/2012-06-05/gas-demand-to-rise-17-by-2017-on-asia-u-s-iea-says.html>) published in June 2012 by Bloomberg.com, who is one of the major international financial news providers, Asia will become the fastest growing region in terms of the demand of natural gas, which is primarily driven by the demand of natural gas from the PRC, who will become the third-largest natural gas consumer by 2013. According to the news article, PRC's natural gas consumption will increase from 130 billion cubic meters in 2011 to 273 billion cubic meters in 2017, representing an annual growth rate of approximately 13%. As such, in view of the fast growing demand of natural gas from the PRC, it is reasonable to believe that the outlook of the LNG industry in PRC is promising, and the prospects of the principal business of the Target Group is positive.

4. Consideration

As stated in the Letter from the Board to the Circular, the Consideration of HK\$13,900,000 will be satisfied by the Purchaser in the following manner:

- (i) HK\$2,000,000 by cash upon Completion; and
- (ii) HK\$11,900,000 by issuance of Convertible Bonds by the Company to the Vendor within 10 business days upon the Completion.

Assuming full conversion of the Convertible Bonds in an aggregate principle amount of HK\$11,900,000 at Conversion Price of HK\$1.00, a maximum of 11,900,000 Conversion Shares will be issued by the Company, representing approximately 1.62% of the existing issued share capital of the Company as the Latest Practicable Date and approximately 1.60% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares.

The Conversion Price of HK\$1.00 per Conversion Share represents:

- (a) a premium of approximately 8.70% over the closing price of HK\$0.92 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 1.01% over the closing price of HK\$0.990 per Share as quoted on the Stock Exchange on 22 January 2013, being the date of the Acquisition Agreement;
- (c) a premium of approximately 4.82% over the average closing prices of HK\$0.954 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Acquisition Agreement;
- (d) a premium of approximately 4.28% over the average closing price of HK\$0.959 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Acquisition Agreement; and
- (e) a discount of approximately 81.09% from the unaudited consolidated net asset value as at 30 June 2012 of approximately HK\$5.29 per Share, calculated based on the unaudited consolidated net asset value attributable to the owners of the Company as at 30 June 2012 and 711,416,087 Shares in issue as at the date of the Acquisition Agreement.

Basis of the Consideration

The Consideration has been arrived at after arm's length negotiations between the Company, the Purchaser and the Vendor and was determined with reference to, amongst others, the preliminary and initial evaluation of the financial net present value of the LNG projects of the Target Group prepared by LCH (Asia-Pacific) Surveyors Limited, an independent professional valuer, according to which the total financial net present value of the LNG projects of the Target Company, if successful, was in the region of RMB63,500,000 (equivalent to approximately HK\$79,100,000) as at 31 December 2012. The Consideration is based on a 20% discount of the 22% equity interest of the Target Company in the total financial net present value of the LNG projects of the Target Group.

A. Review on the Evaluation Report

We have reviewed the Evaluation Report and discussed with the independent valuer regarding, among other things, the basis and assumptions made and the methodology adopted by the independent valuer in conducting the appraisal for the business of the Target Group. We understand that the independent valuer has adopted the discounted cashflow approach for the appraisal of the business of the Target Company due to unavailability of relevant market comparables. We noticed that according to the Evaluation Report, the financial net present value of the LNG projects of the Target Group as part of a going concern business of the Company for a term of 30 years, if successful (before taking into consideration any transaction costs), was reasonably stated by the amount of RMB63,500,000. During the course of our discussion with the independent valuer, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal basis and assumptions adopted for the Evaluation Report. In light of the above, we are of the view that the Evaluation Report has been reasonably prepared and are normal in nature without any unusual assumptions and the basis of the Evaluation Report is fair and reasonable.

B. Comparison with Comparable Companies

In order to further assess the fairness and reasonableness of the Consideration, we have selected a list of comparable companies (the "Comparable Companies") of the Target Group for our comparison analysis. The criteria of selection are to select companies who are primarily engaged in either natural gas or fuel gas related business. We noted that the Target Company is only a newly established Company, as compared to the Comparable Companies which are all well-established businesses. We also noted that the Target Company is an unlisted company, as compared to the Comparable Companies which are all listed companies. Although both the Target Company and the Comparable Companies are in similar business nature, having considered the difference in history of establishment and the listing status between the Target Company and the Comparable Companies, we are of the view that the comparison with Comparable Companies present in this section is merely for indicative purposes.

LETTER FROM DONVEX CAPITAL

Based on the above selection criteria, we have arrived at an exhaustive list of 11 Comparable Companies for comparison purpose. In addition, we have used two commonly used valuation multiples, namely (i) the price/earnings ratio (“P/E ratio”); and (ii) price/book ratio (“P/B ratio”), to assess the fairness and reasonableness of the Consideration. The details of the Comparable Companies are shown in the following table:

Name	Stock code	Principal business	Market capitalisation (HK\$'million)	Price/earnings ratio (Note 1) (times)	Price/book ratio (Note 2) (times)
Beijing Enterprises Holdings Limited	392	Distribution and sale of piped natural gas, production, distribution and sale of beer, investment in transportation infrastructure, construction of sewage and water treatment plants, sewage treatment, water treatment and distribution.	65,638	23.64	1.75
Binhai Investment Company Limited	8035	Construction of gas pipeline networks, provision of connection services, sale of liquefied petroleum gas and piped gas.	2,487	22.41	4.05
China Gas Holdings Limited	384	Sales of piped gas, gas connection, sales of LPG and sales of coke and gas appliances.	31,198	32.70	3.18
China Oiland Gas Group Limited	603	Investments in natural gas and energy related businesses.	7,200	34.45	2.61
China Resources Gas Group Limited	1193	Sale and distribution of gas fuel and related products; gas connection.	38,120	31.77	4.70
China Tian Lun Gas Holdings Limited	1600	Investment, operation and management of gas pipeline connections, transportation, distribution and sales of pipelined gas, and distribution and sales of compressed natural gas filling stations in the PRC.	4,272	41.18	5.55
ENN Energy Holdings Limited	2688	Investment in, and the operation and management of, gas pipeline infrastructure and the sale and distribution of piped and bottled gas in the PRC.	40,661	25.96	4.62

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Name	Stock code	Principal business	Market capitalisation (HK\$'million)	Price/earnings ratio (Note 1) (times)	Price/book ratio (Note 2) (times)
Kunlun Energy Company Limited	135	Exploration & production of crude oil & natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, Peru, the Kingdom of Thailand, the Azerbaijan Republic the Republic of Indonesia, sales & transmission of nature gas in PRC.	126,085	22.48	4.14
Tianjin Tianlian Public Utilities Company Limited	1265	Operation and management of gas pipeline infrastructure and the sale and distribution of piped gas.	5,775	50.77	3.31
Towngas China Company Limited	1083	Sales and distribution of piped gas, including provision of piped gas, construction of gas pipelines, operation of city gas pipeline network, the operation of gas fuel automobile refilling stations, and the sale of gas household appliances.	17,724	25.00	1.84
Zhongyu Gas Holdings Limited	3633	Development, construction and operation of natural gas and coalbed gas projects.	4,972	57.82	4.57
			Mean	33.47	3.66
			Median	31.77	4.05
			Range	22.41 to 57.82	1.75 to 5.55
Target Company	—	Manufacturing solar battery, LNG supply systems installation services and LNG supply consultation service.	13.90 (Note 3)	N/A	3.33 (Note 4)

(Source: the Stock Exchange's website)

Note:

1. Price/earnings ratio for the Comparable Companies are calculated by dividing their market capitalisation as at the Latest Practicable Date by their corresponding latest audited net profit attributable to shareholders for the latest fiscal year.
2. Price/book ratio for the Comparable Companies are calculated by dividing their market capitalisation as at the Latest Practicable Date by their corresponding latest audited equity value attributable to shareholders.
3. The Consideration as stated in the Acquisition Agreement.
4. For comparison purpose, the P/B ratio of the Target Group is calculated by dividing the Consideration by the pro-rata percentage of net assets of the Target Group being the subject of transfer pursuant to the Acquisition Agreement. For instance, the P/B ratio of 3.33 times

LETTER FROM DONVEX CAPITAL

is calculated by dividing the Consideration of HK\$13.9 million by HK\$4.18 million, which is 22% of the unaudited net asset value of the Target Group of approximately HK\$18.98 million as at 31 December 2012.

i. P/E ratio

As stated in the table above, the P/E ratios of the Comparable Companies ranged from 22.41 times to 57.82 times, and are with a mean of 33.47 times and a median of 31.77 times. As the Target Group has only established for four months, the financial result of the Target Group for the year ended 31 December 2012 should not be used as the basis for the evaluation of its future performance. As such, no conclusion can be drawn in the P/E ratio analysis of the Target Group.

ii. P/B ratio

We noted that the Target Company is only a newly established Company and most Projects are at a preliminary construction stage without any profit. As the P/B ratio is calculated based on the net assets value of the Target Group, we consider using net assets value as the basis for comparison is appropriate as the net assets of the Comparable Companies and the Target Group are used to develop their business and generate profit in future.

As stated in the table above, the P/B ratios of the Comparable Companies ranged from 1.75 times to 5.55 times, and are with a mean of 3.66 times and a median of 4.05 times. The P/B ratio of the Target Company of 3.33 times is below the mean and median, and is within the range of the P/B ratios of the Comparable Companies. As such, we consider the Consideration is in line with the market trend, and is therefore fair and reasonable.

In view of (i) the outlook of the LNG industry in PRC is promising, and the prospects of the principal business of the Target Group is positive as discussed under the section named “Industry overview of LNG industry in PRC”; (ii) the Consideration has been arrived at after arm’s length negotiations between the Company, the Purchaser and the Vendor and was determined with reference to the net present value of the LNG projects of the Target Group; (iii) the Evaluation Report has been reasonably prepared and are normal in nature without any unusual assumptions and the basis of the Evaluation Report is fair and reasonable; and (iv) the P/B ratio of the Target Company is below the mean and median, and is within the range of the P/B ratio of the Comparable Companies and therefore the Consideration in line with the market trend, we are of the view that the Consideration is fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

5. Financial effects of the Acquisition Agreement

A. Net Asset Value

As at the Latest Practicable Date, the assets and liabilities of the Target Group have already been consolidated into the accounts of the Group. Upon the Completion of the Acquisition, the net asset value of the Group is expected to decrease as a result of the decrease in cash and increase in liabilities due to the Consideration to be paid by the Purchaser.

B. Working Capital

As at the Latest Practicable Date, the assets and liabilities of the Target Group have already been consolidated into the accounts of the Group. Upon the Completion of the Acquisition, the cash and cash equivalents of the Group is expected to decrease as a result of the decrease in cash due to the Consideration to be paid by the Purchaser.

6. Dilution in Shareholding

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the day of the issue of the Conversion Shares, the maximum number of the Conversion Shares to be issued shall be 11,900,000 Shares, representing:

- (a) approximately 1.57% of the issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 1.54% of the issued share capital of the enlarged Company after the issuance of the Conversion Shares.

Having considered (i) the outlook of the LNG industry in the PRC is promising, and the prospects of the principal business of the Target Group is positive as discussed under the section named “Industry overview of LNG industry in PRC”; and (ii) the Consideration in line with the market trend as discussed under the section named “Evaluation of the fairness and reasonableness of the Consideration”, we are of the view that the dilution effect to the Shareholder is fair and reasonable.

7. Review on the assumptions or projections relevant to the transactions, and our work done on the third party experts providing an opinion or valuation

We have reviewed the fairness, reasonableness and completeness of the assumptions or projections relevant to the transactions as stated in the Evaluation Report in Appendix I. The Evaluation Report used the discounted cash flow approach, which was based on the basis of continued use and as part of a going concern business of a business enterprise, and it is assumed that the proposed projects as stated in the Evaluation Report will be operated in accordance with the scheduled development plan. Having considered the reasons and factors as stated in the Evaluation Report, we are of the view that (i) the

LETTER FROM DONVEX CAPITAL

valuation approach and the reasonableness of such adoption is appropriate; and (ii) the assumptions or projections relevant to the transactions as stated in the Evaluation Report are fair, reasonable and complete.

In regards of the third party experts providing an opinion or valuation relevant to the transaction, including Crowe Horwath (HK) CPA Limited, Wallbanck Brothers Securities (Hong Kong) Limited and LCH (Asia-Pacific) Surveyors Limited (collectively the “Experts”), we have (i) interviewed the Experts including as to their expertise and any current or prior relationships with the Company, other parties to the transactions and connected persons of either the Company or another party to the transactions; (ii) reviewed the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the Expert’s report, opinion or statement); and (iii) noticed that the Company has made formal representations to the Experts in accordance with our knowledge.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated under the section named “PRINCIPAL FACTORS AND REASONS CONSIDERED”, we are of the opinion that the transaction contemplated under the Acquisition Agreement and the supplemental agreement is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the transaction contemplated under the Acquisition Agreement and the supplemental agreement and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director



利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
PROFESSIONAL SURVEYOR
PLANT AND MACHINERY VALUER
BUSINESS & FINANCIAL ASSETS VALUER

The readers are reminded that the report which follows has been prepared in accordance with the reporting guidelines set by the International Valuation Standards 2011 published by the International Valuation Standards Council which entitles the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translation of terms in English or in Chinese are for readers' identification purpose only and have no legal status or implication on the report. This report is prepared and signed off in English format, translation of this report in language other than English should not be regarded as a substitute to this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to the valuer at the date of this report. If additional documents and facts are made available, the valuer reserves the right to amend this report and its conclusion.

17th Floor, Champion Building
287–291 Des Voeux Road
Central
Hong Kong

27 February 2013

The Board of Directors
New Times Energy Corporation Limited
Units 1007 to 1008
10th Floor
New World Tower I
18 Queen's Road Central
Hong Kong

Dear Sirs,

In accordance with the recent instructions given by the management of New Times Energy Corporation Limited (hereinafter referred to as “New Times” or the “Company”) to us, we were retained to analyse and prepare an agreed-upon procedures evaluation on the financial net present value of five various proposed projects (hereinafter referred to as the “Xuzhou Projects”) as at 31 December 2012 (hereinafter referred to as the “Relevant Date”) for the Company's internal management reference. The Xuzhou Projects are located in Liuxin Town, Tongshan District, Xuzhou City, Jiangsu Province, the People's Republic of China (hereinafter referred to as the “PRC” or “China”). We confirm that we have carried out inspections, made

relevant inquiries and have based our work on a set of documents as supplied by the management of the Company or the Target Company (to be defined later in the report) or its appointed personnel to arrive at our conclusion.

We understand that the management of the Company will use our work product as part of its business due diligence, and we have not been engaged to make specific sale or purchase recommendations, or to give our opinion of value for the Company's financing arrangement. We further understand that the management of the Company will not rely solely on our work, and that the use of our work product will not supplant other due diligence which the management of the Company should conduct in reaching its business decision with regard to the Xuzhou Projects. Our work is designed solely to give the management of the Company a reference in forming part of its internal due diligence, and our work should not be the only factor to be considered by the management of the Company.

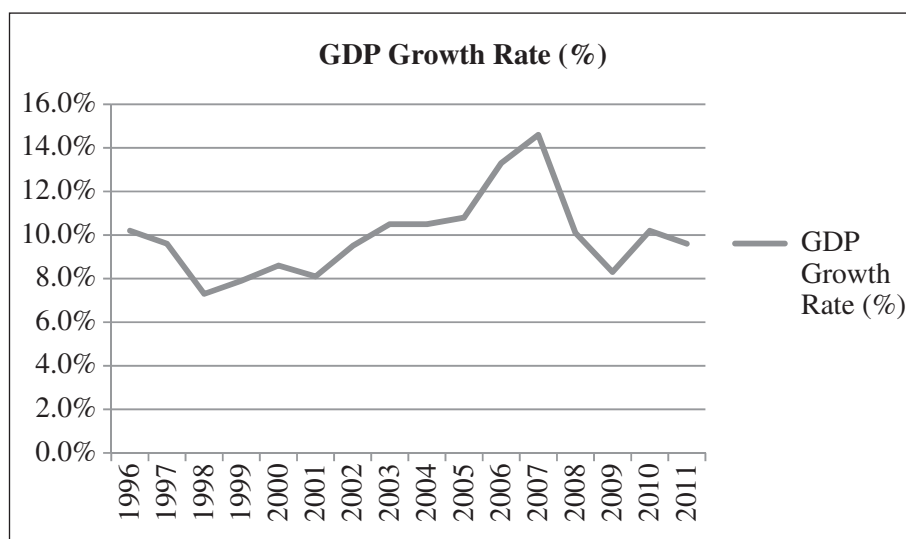
OUR INSTRUCTION TO THIS ENGAGEMENT

According to the Company's announcement on each of 22 January 2013 and 23 January 2013, Total Belief Limited (hereinafter referred to as the "Purchaser"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Ms. Lin Ru Xiang (hereinafter referred to as the "Vendor"), a substantial shareholder of New Phoenix Global Limited (hereinafter referred to as the "Target Company") and is a connected person of the Company, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 22% equity interest of the Target Company, an indirect non wholly-owned subsidiary of the Company, at a total consideration of HK\$13,900,000.

At the instruction of the management of the Company, we were retained to base on a set of documents provided by the Target Company or the Company or its appointed personnel to analyse and prepare an agreed-upon procedures project evaluation report to evaluate the financial net present value of the Xuzhou Projects. The documents included a letter of intent (hereinafter referred to the "Letter") signed by 深圳中港新時代能源有限公司 (translated as Shenzhen Sino Hong Kong New Time Energy Corporation Limited, and hereinafter referred to as "Shenzhen New Time") with the local people's government of Liuxin Town. According to the Letter, a foreign-owned enterprise needed to be established in Xuzhou, and the enterprise will have the right to operate natural gas concessions and urban pipelined gas concessions in Liuxin Town (柳新鎮), which have an operation term of 30 years. We were advised by the management of the Company that Xuzhou New Times Limited, which was an indirect wholly-owned subsidiary of the Target Company as at the Relevant Date, has been established on 24 November 2012, and is the legal and beneficial owner of the Xuzhou Projects.

Overview (See Note)*The Economic Outlook of China*

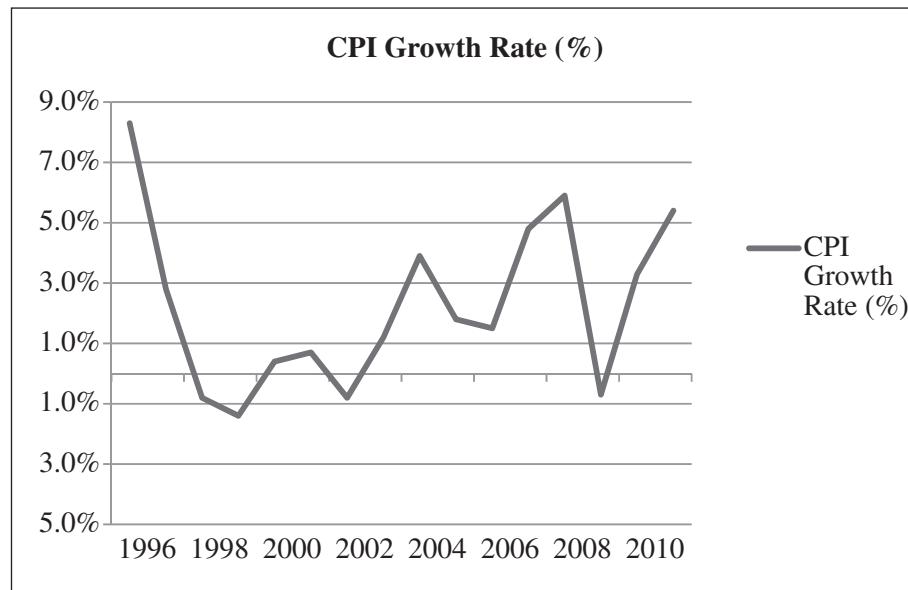
The economy of the PRC is the second largest in the world when measured by nominal GDP (Gross Domestic Product). Its growth rate for 2011 was 9.6%. The PRC joined WTO in 2001, doubling the manufacturing output and recorded a massive trade surplus. At the beginning of 2010, China replaced Germany as the world largest export market. The compound annual growth rate is approximately 10% for the period from 1996 to 2011. The following figures indicated China's real GDP from 1996 to 2011:



Source: National Bureau of Statistics of China

Since the Chinese government provides massive protection and encouragement such as economic stimulus package to private sectors, China remains the position of the fastest growing economy in the world. According to the National Bureau of Statistics of China, during 1996 to 2011, the consumer prices index ("CPI") was at an average of approximate 2%, and recorded at 5.4% in 2011.

Note: The information provided in this section relating to the related industry and market is derived in part or extracted or referred to from various official and unofficial sources. The official sources include various governmental websites. The unofficial sources include information provided by the management of the company, various websites (included Bloomberg.com), newspapers and journals from various industry practitioners or analysts. We need to state that such official and unofficial information have not been prepared or independently verified by us, and may not be consistent with other information compiled within or outside China. None of our staff involved in preparing this report make any representation as to the correctness or accuracy of such information and accordingly such information should not be unduly relied upon. The readers should conduct his/her due diligence with regard to the correctness and accuracy of such information for his/her own use.

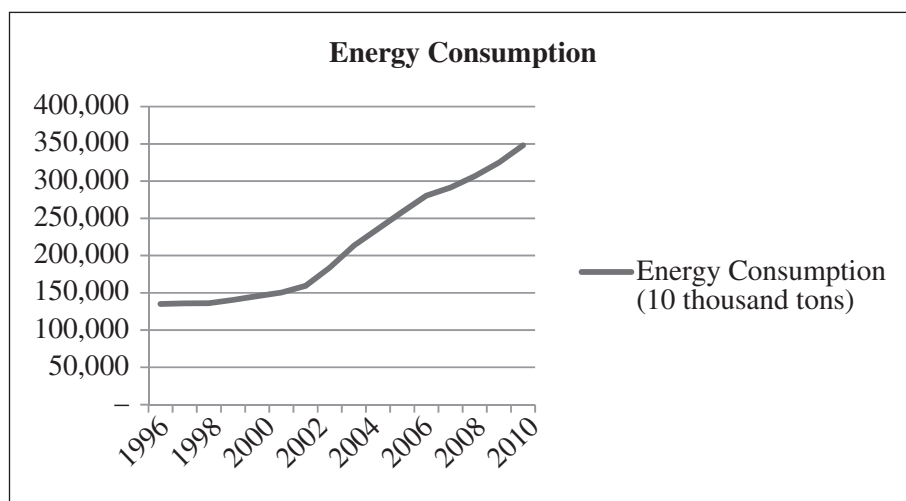


Source: National Bureau of Statistics of China

These figures show that the economic growth becomes more broadly based by rising of domestic consumption. The major force of economic growth is by the rapid urbanization and massive investments in construction projects mainly in Beijing and Shanghai as well as some inland cities such as Xian and Wuhan, etc. China has replaced Germany as the world's third biggest economy since 2007, and has also replaced Japan as the second-largest economy in 2010. However, many analysts expect China would face heightened pressure from imported inflation, as the weakening U.S. dollar, a result of an ultra-loose monetary policy in the United States, which could further push up commodity prices.

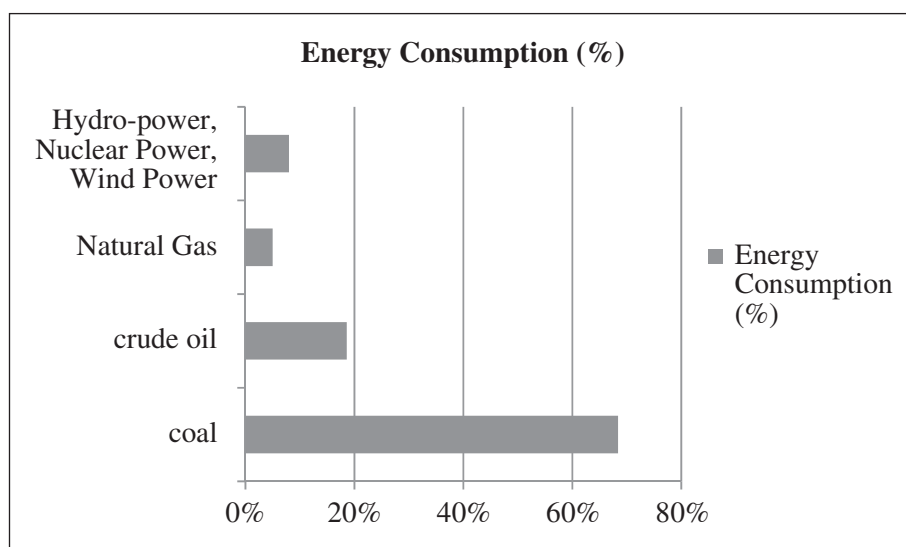
Energy Consumption in China

According to the National Bureau of Statistics, the total energy consumption in China reached 3.48 billion metric tons in 2011 from 1.35 billion metric tons in 1996, with a compounded annual growth rate of 6% approximately.



Source: National Bureau of Statistics of China

Approximately 70% of the energy consumed in 2011 was relied on coal, whereas only approximate 5% of the consumption was relied on natural gas.



Source: National Bureau of Statistics of China

THE TARGET COMPANY

The Target Company is a limited company incorporated in BVI since 31 August 2012. The Target Company is the sole shareholder of First Alpha (as defined in the circular), a limited company incorporated in Hong Kong, and is the sole shareholder of Xuzhou New Times. Xuzhou New Times is a limited company incorporated in the PRC with a registered capital of USD10,000,000, which is principally engaged in manufacturing solar battery, LNG supply systems installation services and LNG supply consultation service.

ESTABLISHMENT OF TITLES

For the purpose of this engagement, the management of the Company was requested to provide us the necessary documents to support that the legally interested parties in the Xuzhou Projects have free and uninterrupted rights, directly or indirectly, to assign or to transfer the Xuzhou Projects (a part of or the whole of) free of all encumbrances and any premiums/administrative costs payable have already been paid in full. However, our procedures to evaluate as agreed with the management of the Company did not require us to conduct legal due diligence on the legality and formality on the way that the legally interested parties obtained the Xuzhou Projects from the relevant authorities. We agreed with the management of the Company that this should be the responsibility of the legal advisor to the management of the Company. Thus, no responsibility or liability is assumed from our part to the origin and continuity of the title to the Xuzhou Projects.

In our evaluation, we have assumed that the legally interested parties in the Xuzhou Projects have obtained all the approval and/or endorsement from the relevant authorities for operation, and that there would be no legal impediment (especially from the regulators) for the legally interested parties to continue the interest in the Xuzhou Projects. Should this not be the case, it will affect our conclusion in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

PROCEDURES TO EVALUATE

In performing our work, we have adopted the following procedures which were agreed with the management of the Company before the engagement. They were:

- to read and based on the content of the supplied information, such as the profit forecast, market information, financial information, and its related materials such as explanatory statements and relevant correspondence and recent updates from the management of the Company or its appointed personnel, to arrive at our conclusion. In the course of our evaluation, we will assume that the information provided in the materials is correct and we will only verify the information when and where possible. However, we will not ascertain the correctness of the information contained in the materials like an auditor in giving an audit opinion;
- to conduct a limited scope on-site inspection to the locations of the Xuzhou Projects at the direction of relevant appointed personnel;

- to hold discussions with relevant appointed personnel of the Company in order to have a better understanding of the Xuzhou Projects;
- to conduct appropriate research in order to obtain sufficient information to arrive at our conclusion. The extent of research and consultation is at our discretion;
- to evaluate the financial net present value of the Xuzhou Projects using the appropriate method(s); and
- to document our findings and conclusion in our project evaluation report.

THE BASIS OF EVALUATION AND ASSUMPTIONS

The Xuzhou Projects is evaluated on the basis of continued use and as part of a going concern business of a business enterprise (see Note), in this case the Target Company. The continued use premise assumes that the Xuzhou Projects will be operated in accordance with the scheduled development plan.

Our evaluation has been made on the following assumptions as at the Relevant Date. They are:

1. the legally interested parties in the Xuzhou Projects have free and uninterrupted rights to use or assign, directly or indirectly, a part of or the whole of the interests of the Xuzhou Projects for the whole terms granted and any relevant costs payable have already been fully paid;
2. the relevant operating licence(s) and business registration documents are able to be renewed after their expiration from time to time in order to achieve the expected result;
3. all required licences, certificates, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organization have been or can readily be obtained before commencing the operation and be renewed or replaced on which the evaluation contained in our report are based;
4. the Target Company successfully raises fund to finance and to develop the Xuzhou Projects as planned;
5. the Xuzhou Projects successfully yields the economic benefits as projected in the profit forecast, including but not limited to:
 - i. L-CNG (liquefied to compressed natural gas) filling stations located in Liuxin Town will have daily service capacity of 50,000 m³, and that the daily service capacity is able to satisfy the growth in demand of Xuzhou Projects during its granted term;

Note: A business enterprise is defined as a commercial, industrial, service, or investment entity, or a combination thereof, pursuing an economic activity.

- ii. annual growth rate of consumption will be at 15% until it reaches its capacity;
 - iii. The management of the Company expected the LNG (liquefied natural gas) to cost RMB 3.45 per m³, which is based on the negotiation status with the suppliers;
 - iv. As advised by the management of the Company, the LNG can be sold at a price ranging from RMB4.00 to RMB5.00, which is based on the analysis of the affordability of the users. The Company expected a lower affordability of the residential user and higher affordability for the vehicle owner (refilling station), which is assumed to be charged at RMB4.00 and RMB5.00 respectively.
 - v. the gross profit is assumed to be the same throughout the operation period;
 - vi. the Xuzhou Projects is expected to receive a net activation fee of RMB800 per residence at inception, which is expected to be received in the period of 2013 and 2014;
 - vii. no additional capital expenditure is needed to support the growth after 2013;
 - viii. the Target Company can lease the equipment according to the development schedule to support its business operation; and
 - ix. operating expenses are 40% of gross profit and the ratio will be constant throughout the whole operation period of the Xuzhou Projects.
- 6. the prospective earnings would provide a return to the Target Company as projected in the profit forecast, and that the Target Company has adequate working capital to implement the operation from time to time;
 - 7. the legally interested parties in the Xuzhou Projects have adopted reasonable and necessary security measures, and have considered several contingency plans against any disruption (such as fire, change of government policy, labour dispute and other types of unexpected accident) to its operations;
 - 8. the Xuzhou Projects, as part of a going concern business of the Target Company, can be freely disposed of and transferred free of all encumbrances for its existing or approved uses in the market to both local and overseas purchasers without payment of any premium to the government;
 - 9. total capital expenditure, as advised by the management of the Company, is approximately RMB20 million and to be invested in 2013;
 - 10. all equipment is assumed to be usable for the entire operating period;
 - 11. corporate tax rate of 25% is assumed; and
 - 12. tax benefit is assumed.

Should these not be the case, it could have adverse impact to our reported findings and conclusion.

FACTORS CONSIDERED IN THE EVALUATION

Unless otherwise stated, the evaluation of the Xuzhou Projects has taken into account a number of pertinent factors affecting the Xuzhou Projects and its ability, if successful, to generate future investment returns as part of a going concern business of the Target Company. The factors considered in the evaluation included, but were not limited to, the following:

- the nature and the characteristics of the Xuzhou Projects, including the historical background and the remaining operation term of the Xuzhou Projects;
- the PRC Government's support on promoting the use of LNG;
- the use of the Xuzhou Projects as part of a going concern business of the Target Company;
- the cost and financial information as contained in the profit forecast;
- the projected future returns mentioned in the profit forecast and based on the assumptions made by the appointed personnel of the Target Company or the management of the Company;
- the economic interest and general characteristics of the Xuzhou Projects;
- the Target Company being able to obtain all relevant licences to operate its going concern business;
- the Target Company being able to raise fund to the acquisition of equipment, and construction of facilities and its subsequent operations;
- the capability and determination of the Target Company to follow the planned development schedule in the profit forecast;
- the capability and determination of the Target Company to follow the government and industry management quality standards and to review/up-lift its standards to catch the industry need from time to time;
- the capability and determination of the legally interested parties in the Xuzhou Projects to protect its operations against any disruption of the normal operation in the Xuzhou Projects;
- the capability and determination of the Target Company to maintain a cost effective operation in the Xuzhou Projects;
- the capability and determination of the Target Company to maintain an experienced management team to operate its going concern business; and
- the economic and industry data affecting the Xuzhou Projects and natural gas business in the PRC.

FINANCIAL EVALUATION

Generally speaking, there are several conventional capital investment evaluation techniques, namely the Payback Period, the Rate of Return Method and the Discounted Cash Flows Method. The use of the Payback Period and the Rate of Return Method or the like is designed to serve the purpose of comparing between two or more capital investment projects simultaneously, and to help the investor(s) to examine a sound investment decision between the analysed projects by comparing the period to recover cost of investments or rate of return on capital employed. While the Discounted Cash Flows Method is designed to serve the purpose of evaluating the total sum of money to be received during the useful life of a project by investing certain amount of capital after considered the time value of money (see Note).

Payback Period

Payback measures the number of years it is expected to take to recover the cost of the original investment. It is calculated by estimating the annual cash flows from the commencement of a project to the end of its useful life. Initially the outflow will be negative, but, within a year or two from the start of most projects, positive cash flows will occur. This is a simple method and usually used as a first screening method (quoted from Investment Appraisal by G. Mott for the readers' easy reference).

However, we have reservation to use this simple method for it ignores any cash received after the payback period which cash flows after the payback period are usually much larger than before. And, it makes no attempt to relate the cash earned on the investment to the amount actually invested. In other words, it failed to measure the total profitability over the whole life of the investment. Some analysts commented this method encouraging a short term view and discriminate against long term projects and growth projects, like the Xuzhou Projects. This technique is only good to making comparison between two capital investment projects and to help examine a sound investment decision between the two projects and, appropriate for entity where short term cash flows is more important than long term cash flows.

Return on Capital Employed

This method is also known as the accounting rate of return. It is calculated by estimating average annual pre-tax profit as a percentage of the average capital employment i.e. the original investment. Analysts considered this method is good to measure a project if the entity is concerned with profits rather than liquidity over a period of time. However, like the previous method, it ignores the time value of money and takes no account of the timing of the profits for it takes averaging over a period of time (quoted from Investment Appraisal of The CIMA for the readers' easy reference).

We consider this method as irrelevant for the ratio in consideration is based on averaging profit over a period of time, not cash flows, which is hard to determine to the Xuzhou Projects at present moment.

Note: The time value of money is based on the premise that one will prefer to receive a certain amount of money today than the same amount in the future, all else equal.

Ipso facto, we have reservation to use the non-discounting but comparison evaluation technique in evaluating the Xuzhou Projects for there did not have other capital investment project(s) to compare. We take the view that the comparison evaluation technique, in this instance, can only be used when there are benchmarks to compare, say, statutory planned rate of return or payback period, and the evaluation is required for statutory purposes. However, to the best of our understanding, this evaluation is not intended to serve such statutory purposes nor there are reasonable, market-orientated benchmarks published by any recognised authorities in China for the investors to follow. Last but not the least, our instruction was to conduct a financial evaluation based on the materials provided in the profit forecast and to arrive at the financial net present value of the Xuzhou Projects, if successful. Under such circumstance, we consider the use of the non-discounting comparison evaluation technique in this engagement is irrelevant.

Discounted Cash Flows Method (see Note)

In considering the Discounted Cash Flow (“DCF”) Method as the most appropriate method to assess the profitability of the Xuzhou Projects, we have used the Net Present Value Analysis. By using this method, the expected cash flows on the Xuzhou Projects is set out year by year and brought to a present value by use of present value factors at the appropriate rate. In constructing the cumulative present value table, positive present values are netted off against deficit present values so as to arrive at the “net present value” or in short form, NPV. When this net figure is positive then the Xuzhou Projects is said to be viable because the stream of net cashflows is sufficient to pay the required rate of return at the specified rate. Conversely, when the net present value is negative then the Xuzhou Projects is not viable.

The NPV is the difference between the present values of project benefits and project costs. The financial NPV is computed using the following formula (for illustration purpose):

$$NPV = \sum_{i=0}^n \frac{b_i - c_i}{(1 + r)^i}$$

where b_i = benefits in period i
 c_i = costs in period i
 r = discount rate
 n = discounting period

The decision criterion is, as said, simple — to accept a project with NPV greater than or equal to zero, and reject if otherwise.

By constructing a cumulative present value table, a cash flows table is required. The cash flows table consists of (1) cash inflow items including revenues generated from the subject project, net working capital inflows and debt borrowing; and (2) cash outflow items including all cash related expenses such as operating expenses, administrative expenses, tax expenses, capital expenditures, net working capital outflows and debt repayment. The use of the NPV Analysis and its related analysis reflect investment criteria and requires the valuer to make empirical and subjective assumptions.

Note: Data from Bloomberg.com

The first step of the evaluation is to estimate the economic income projection. The projections of the future revenues used in this evaluation were based on the profit forecast provided by the appointed personnel of the Target Company and the management of the Company (including both companies' directors), and they are responsible for the assumptions upon which the projections are based. We are given to understand that the profit forecast was prepared after due and careful enquiry. Having discussed with the appointed personnel of the Target Company and the Company, we were instructed to follow the projection as contained in the information provided to us and no further verification work is required.

The next step is to estimate the appropriate present value factor i.e. discount rate. Discount rate equals to cost of capital. The cost of capital represents investors' expectations and for any given investment is a combination of three basic factors, namely the risk-free rate and a premium for risk. There are many ways to estimate the discount rate such as the Build-up Model, the Capital Asset Pricing Model ("CAPM") and the Arbitrage Pricing Model for equity investment, and the Weighted Average Cost of Capital for normal project investment. The use of the appropriate model in each analysis depends on numerous factors, in particular the future capital structure of the investment. There is no universal model that applies to all cases. In this case, we have adopted the CAPM in the evaluation which reflecting the value of the project to the project investors.

The CAPM is a model in which the cost of capital for any stock or portfolio of stocks equals a risk-free rate plus a risk premium that is proportionate to the systematic risk of the stock or portfolio. (See ASA Business Valuation Standards).

The CAPM concluded that a security's equity risk premium (the required excess rate of return for a security over and above the risk-free rate) is a linear function of the security's beta. This linear function is described as follows (for illustration purpose),

$$r_a = r_f + \beta_a(r_m - r_f)$$

Where,

- r_a = CAPM derived discount rate
- r_f = risk free rate
- β_a = beta of the asset
- r_m = expected market return

In estimating the discount rate in the evaluation, we have adopted the market-derived discount rate by the CAPM by using the market data of various listed companies with business related to the Target Company in the Xuzhou Projects.

In the course of our analysis, we established a set of criteria to select the guideline companies, and identified 9 guideline companies used in the evaluation of the Xuzhou Projects. The selection criteria are:

- the main business of the comparable companies should be operated in the PRC;
- the comparable company should be listed in the stock exchange of China (either in Shanghai or Shenzhen); and

- the business of the comparable companies should be related to oil and gas or energy sector.

Based on the selection criteria stated above, we believe the list of the companies can fairly reflect the representative industry risk.

Details of the conclusive guideline companies are set out as follows:

Name of the Listed Companies	Description of the business	Debt/Equity	Adjusted Beta
Shenzhen Gas Corp Ltd	Shenzhen Gas Corporation Ltd., supplies gas in Shenzhen. The Company business includes wholesale of gas, pipeline and the supply of bottled gas, investment and construction in the distribution network of gas transmission.	17%	1.087
Shenergy Co Ltd	Shenergy Company Limited develops, constructs, and invests in electric power and other energy related projects. The Company distributes electric power, heat, and gas.	37%	1.029
Lanpec Technologies Co Ltd	Lanpec Technologies Company Limited develops, designs, produces and installs petroleum and petrochemical equipments. The company's main products are oil drilling machinery, oil refining and chemical equipment, offshore oil equipment and light industrial food machinery.	13%	1.217
PetroChina Co Ltd	PetroChina Company Limited explores, develops, and produces crude oil and natural gas. The Company also refines, transports, and distributes crude oil and petroleum products, produces and sells chemicals, and transmits, markets and sells natural gas.	27%	0.821

Name of the Listed Companies	Description of the business	Debt/Equity	Adjusted Beta
Zhangjiagang Furui Special Equipment Co Ltd	Zhangjiagang Furui Special Equipment Company Limited designs, manufactures and sells metallic pressure vessels. The Company's main products include low-temperature storage and transportation equipment, heat exchangers and gas separation equipment.	5%	0.934
Hangzhou Hangyang Co Ltd	Hangzhou Hangyang Co., Ltd. manufactures and sells air separation equipment, industrial gas products and petrochemical equipment. The Company's products are medium & large sets of air separation equipment, small-scale air separation equipment, liquefied nitrogen wash cold box, liquefied natural gas separation equipment, and liquefied petroleum gas storage & distribution devices.	17%	1.032
Guanghui Energy Co Ltd	Guanghui Energy Co., Ltd. sells and leases real estate properties. The Company also mines, processes, and sells granite materials, produces and markets plastic doors and windows, and trades general merchandise. The company is also in the business of coal mining and related coal chemicals manufacturing.	18%	1.075
Weichai Power Co Ltd	Weichai Power Co., Ltd. manufactures high-speed heavy-duty diesel engines. The Company's products are used in heavy-duty vehicles, wheel-loaders, bulldozers, and road-rollers.	21%	0.975
Sinopec Shanghai Petrochemical Co Ltd	Sinopec Shanghai Petrochemical Co., Ltd. processes crude oil into a broad range of synthetic fibers, resins and plastics, intermediate petrochemical products and petroleum products.	30%	0.908

* Due to rounding process, the figures will be different from the actual worksheet.

Source: Bloomberg, as at the Relevant Date

The beta of each guideline company represents its industry risk and return relative to the domestic market, the PRC. In calculating the discount rate, the average adjusted beta of the guideline companies, as sourced directly from Bloomberg, is adopted. The adjusted beta, which according to our understanding, is modified from corresponding raw beta by assuming the guideline company's beta will move toward to the market average (i.e. beta equals to 1) in the long run.

By taking the averaged debt to equity ratio of 21%, the adopted average re-levered beta is 1.01 which reflecting the industry risk of the Xuzhou Projects. Together with the 10-year China Sovereign Fixed Rate of 3.59% and the market premium of China 10.13% as at 31 December 2012 (sourced from Bloomberg), the equity risk premium would be approximately 14%. By adding the size premium of 3.89% (sourced from 2012 Ibbotson SBBI Valuation, Yearbook), and specific risk premium of, say, 11%, the cost of equity adopted in this evaluation is 29% for 2012 to 2018. Due to a more maturity stage of the operation, the specific risk premium is assumed to be reduced to, say, 5%, and the cost of equity from 2018 to the remaining life of Xuzhou Projects is 23% (rounded).

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

No allowance has been made in our evaluation for any charges, mortgages, outstanding premium or amounts owing on the Xuzhou Projects. Also, no allowance has been made in our evaluation for any expenses or depreciation or taxation, which may be incurred in effecting a sale of the Xuzhou Projects. Unless otherwise stated, it is assumed that the Xuzhou Projects are free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

In the course of evaluation, we have assumed that the Xuzhou Projects are able to be implement without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported conclusion significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

INSPECTIONS AND INVESTIGATIONS

At the representation of the appointed personnel of the Company, we have conducted a limited scope on-site inspection to the locations of the natural gas business in respect of which we have been provided with such information as we have requested for the purpose of our evaluation. We have not inspected those parts of the properties/facilities which were covered, unexposed, not being arranged or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of uninspected parts and our report should not be taken as making any implied representation or statement about such parts. No structural survey, investigation, test or examination has been made, but in the course of our inspections we did not note any serious defects in the properties/facilities. We are not, however, able to report that the properties/facilities is free from rot, insect, infestation or any other defects. No tests were carried out to the services (if any) and we are unable to identify those services covered, unexposed or inaccessible.

Our evaluation has been made on the assumption that no unauthorised alteration, extension or addition has been made on the land occupied by the Xuzhou Projects (if any), and that the inspection and the use of our report do not purport to be a building or conditional survey of the inspected properties/facilities. We have assumed that the premises are free of rot and inherent danger or unsuitable materials and techniques.

If there is a third party other than the legally interested parties in the Xuzhou Projects proposing to acquire the Xuzhou Projects and wants to satisfy them as to the Xuzhou Projects of which forms part of a going concern business of the Target Company, if successful, then the third party should obtain a relevant surveyor's detailed inspection and report of their own before deciding whether or not to enter into an agreement for sale and purchase.

We have not carried out on-site measurements to verify the correctness of the areas or specifications of the Xuzhou Projects, but have assumed that the areas and specifications shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement did not include an independent land survey to verify the information or location provided. Since we are not the authorised person to conduct land survey in China and the enormous resources required in conducting a detailed inspection and survey, we were further instructed to conduct our work based on the information given. We are unable to accept any responsibility for the reliability of the information given in these documents.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the inspected land which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the land. We have not carried out any investigation into past or present uses, either of the land or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the land from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the inspected land or any neighbouring land, or that the inspected land has been or is being put to a contaminative use, this might reduce the value now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION

For the purpose of our work, we were provided with a latest version of financial projections from the appointed personnel of the management of the Company, and they are responsible for the assumptions upon which the projections are based. Having discussed with the appointed personnel of the management of the Company, we understood that the assumptions adopted reflect their judgment of their ability to promote and to commercialise the Contracts through its marketing strategy and sales platform. The projections are based on their view of the most likely action to be taken by the respective management of the Company in the operation of the business, and they attested that the supplied data are accurate and reasonable. The financial projection is the source of the cash inflow and cash outflow items mentioned

above. This information have been utilised without further verification. We have had no reason to doubt the truth and accuracy of the information that we have been furnished. No responsibility is assumed for the accuracy of the provided information.

For the purpose of this evaluation, we were furnished with various copies of the above named or unnamed documents related to this report and these copies have been referenced without further verifying with the relevant bodies and/or authorities. We need to state that we are not legal professionals, therefore, we are not in the position to advise and comment on the legality and effectiveness of the documents provided by the respective management of the Company. No responsibility is assumed.

We have relied solely on the information provided by the respective management of the Company or its appointed personnel without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, procedures to obtain necessary approvals, locations, titles, easements, clientele, products (type and class), and all other relevant matters.

We are not contracted to conduct a due diligence to review the existing natural gas industry in the PRC. In the course of our work, we have solely depended on the advice given by the respective management of the Company. We are unable to accept any responsibility for the reliability of the advice.

Also, we are not contracted to conduct a detailed pre-feasibility study or feasibility study, thus, the report is not a detailed evaluation of the feasibility of developing natural gas business. In the course of our work, we have solely depended on the profit forecast and advice given by the respective management of the Company. We are unable to accept any responsibility for the reliability of the advice.

Information furnished by others, upon which all or portions of our report are based, is believed to be reliable but has not been verified in all cases. Our procedures to evaluate or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our report.

When we adopted the work products from other professions, external service/data providers and/or the respective management of the Company in our evaluation, the assumptions and caveats adopted by them in arriving at their opinions also applied in our evaluation. The procedures we have taken do not require us to examine all the evidences, like an auditor, in reaching our opinion. As we have not performed an audit, we are not expressing an audit opinion in our evaluation.

We are unable to accept any responsibility for the information that has not been supplied to us by the respective management of the Target Company and the Company. We have sought and received confirmation from the respective management of the Company that no material factors have been omitted from the information supplied. The report is based upon the assumption of full disclosure between the Company and us of material and latent facts that may affect the evaluation. No responsibility is assumed for withheld information (if any).

Unless otherwise stated, the base currency of our report is Renminbi Yuan (“RMB”).

LIMITING CONDITIONS OF THIS REPORT

This report is provided strictly for the sole use of the instructing party. Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in this circular for the Company’s shareholders’ reference.

Our findings and opinion in this report are valid only for the stated purpose and only for the Relevant Date and only of the sole use of the instructing party. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and we accept no responsibility whatsoever to any other person. Should any other parties interested in the Xuzhou Projects, they shall conduct their own due diligence work and shall not rely on this report.

No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or change of government policy or financial condition or other conditions, which occur subsequent to the date hereof. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of our services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

It is agreed that the Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney’s fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

CONCLUSION

Based on the investigation, analysis, reasoning and data outlined as above, and on the method employed, it is our opinion that as at the Relevant Date, the financial net present value of the Xuzhou Projects as part of a going concern business of the Company for a term of 30 years, if successful (before taking into consideration any transaction costs), was reasonably stated by the amount in the region of **RENMINBI SIXTY THREE MILLION AND FIVE HUNDRED THOUSAND YUAN ONLY (RMB63,500,000)**.

STATEMENTS

Our conclusion is based on generally accepted evaluation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly. While we have exercised our professional judgement in arriving at the evaluation, the readers are urged to consider carefully the nature of such assumptions which are disclosed in our report and should exercise caution in interpreting our report.

The evaluation has been undertaken by valuer, acting as external valuer, qualified for the purpose of the evaluation.

We retain a copy of our report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, be kept for a period of 6 years from the date of our report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the instructing party's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of findings.

Yours faithfully,

For and on behalf of

LCH (Asia-Pacific) Surveyors Limited

Ho Chin Choi, Joseph

BSc PgD MSc RPS(GP) (PFM)

Managing Director

Contributing Valuer:

Kevin Lee Ho Man *BMath*

BV-1211027

Set out below is the text of the report from Crowe Horwath (HK) CPA Limited in connection with the profit forecasts underlying the valuation on the Target Company and prepared for the purpose of inclusion in this Circular.



國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

9/F, Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

27 February 2013

The Board of Directors
New Times Energy Corporation Limited
Room 1007–8, 10th Floor
New World Tower I
16–18 Queen’s Road, Central
Hong Kong

Dear Sirs

New Times Energy Corporation Limited (the “Company”)
Connected transaction in relation to the proposed acquisition of 22% equity interests in
New Phoenix Global Limited

We have been engaged to report on the arithmetical calculations of the discounted future estimated cash flows on which the valuations of various proposed CNG related projects, prepared by LCH (Asia-Pacific) Surveyors Limited (“LCH”) dated 27 February 2013, (the “Valuations”) is based. The Valuations which is determined based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company and LCH are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the Company’s directors and LCH and as set out in the Valuations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the discounted future estimated cash flows for the Valuations and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting Accountants’ Responsibility

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the arithmetical calculations of the discounted future estimated cash flows on which the Valuations is based.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the bases and assumptions as set out in the Valuations. We re-performed the arithmetical calculations and compared the compilation of the discounted future estimated cash flows with the bases and assumptions.

We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the relevant CNG related projects or an expression of an audit or review opinion of the Valuations.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company and LCH as set out in the Valuations.

Yours faithfully

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

APPENDIX III REPORT FROM THE FINANCIAL ADVISER IN RELATION TO THE FORECASTS UNDERLYING THE PROJECT EVALUATION REPORT
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Set out below is the text of the report from Wallbanck Brothers Securities (HK) Limited in connection with the profit forecasts underlying the valuation on the Target Company and prepared for the purpose of inclusion in this Circular.



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

**1312, Tower 1, Lippo Centre,
89 Queensway, Central,
Hong Kong**

27 February 2013

The Board of Directors
New Times Energy Corporation Limited
Unit 1007-08, 10th Floor
New World Tower I
18 Queen's Road Central
Central, Hong Kong

Dear Sirs,

We refer to the cash flow forecasts underlying the valuation on the Target Group (the "Valuations") prepared by the Directors and management of the Company as set out in Appendix I to the circular of the Company dated 27 February 2013 (the "Circular"), of which this report forms part.

In formulating our opinion, we have relied on the accuracy of the information, opinions and representations provided to us by the Directors and management of the Company and LCH (Asia-Pacific) Surveyors Limited (the "Valuer"), and have assumed that all information, opinions and representations contained or referred to in the Valuations were true and accurate at the time when they were made and will continue to be accurate at the date of the Circular. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate, misleading or deceptive. Having made all reasonable enquiries, the Directors and the Valuer have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Valuations, including this letter, misleading or deceptive. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company and the Valuer, nor have we conducted an independent investigation into the business, affairs and financial position of the Company.

APPENDIX III REPORT FROM THE FINANCIAL ADVISER IN RELATION TO THE FORECASTS UNDERLYING THE PROJECT EVALUATION REPORT
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In formulating our opinion, we have relied on the financial information provided by the Company and the Valuer, particularly, on the accuracy and reliability of financial statements and other financial data of the Company. We have not audited, compiled nor reviewed the said financial statements and financial data. We shall not express any opinion or any form of assurance on them. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and the Valuer. The Directors and the Valuer have also advised us that no material facts have been omitted from the information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have not carried out any feasibility study on any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

Our opinion has been formed on the assumption that any analysis, estimation, forecast, anticipation, condition and assumption provided by the Company and the Valuer are valid and sustainable. Our opinions shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

We have reviewed the forecasts upon which the Valuations have been made for which you as the directors of the Company are responsible and discussed with you and the Valuer the information and documents provided by you which formed part of the bases and assumptions upon which the forecast has been prepared. We have also considered the letter from Crowe Horwath (HK) CPA Limited dated 27 February 2013 addressed to yourselves as set out in Appendix II of the Circular regarding the accounting policies and calculations upon which the forecasts have been made.

Our opinion does not address on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our opinion shall not constitute any opinion on any valuation of the relevant projects or an expression of an audit or review opinion on the Valuations.

On the basis of the foregoing, on balance and in general terms, at this stage, we are of the opinion that in such circumstances, the forecasts upon which the Valuations have been made, for which you as the directors of the Company are solely responsible, have been made after due and careful enquiry by you.

We take no responsibility for the contents of the Circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Circular.

Yours faithfully,
For and on behalf of
WALLBANCK BROTHERS
Securities (Hong Kong) Limited
Phil Chan
Chief Executive Officer

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate 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 circular misleading.

2. DIRECTORS' INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and/or their associates in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Long positions of directors' interests in shares and underlying shares of the Company

Name of Directors	Nature of Interest	Number of ordinary Shares held	Number of share options held	Total Interests	Approximate percentage of total issued share capital
Mr. Cheng Kam Chiu, Stewart	Beneficial owner	—	4,500,000	4,500,000	0.59%
Mr. Cheng Ming Kit	Beneficial owner	1,000	3,000,000	3,001,000	0.40%
Mr. Sun Jiang Tian	Beneficial owner	—	1,500,000	1,500,000	0.20%
Mr. Wong Man Kong, Peter	Beneficial owner	—	450,000	450,000	0.06%
Mr. Chan Chi Yuen	Beneficial owner	—	450,000	450,000	0.06%
Mr. Fung Siu To, Clement	Beneficial owner	30,000	450,000	480,000	0.06%
Mr. Chiu Wan On	Beneficial owner	—	450,000	450,000	0.06%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their associates had any personal, family, corporate or other interests had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any directors of chief executive of the Company, the following persons had, or were deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% 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 members of the Group:

Long positions:

Name of shareholder	Notes	Capacity and nature of interest	Number of ordinary Shares or underlying Shares held	Percentage of Company's issued share capital
Max Sun Enterprises Limited	(i)	Beneficially owned	177,030,276	23.34%
Chow Tai Fook Nominee Limited	(i)	Interest in a controlled corporation	177,030,276	23.34%

Notes:

- (i) Max Sun Enterprises Limited is a wholly-owned subsidiary of Chow Tai Fook Nominee Limited, which is in turn controlled 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 the SFO. Pursuant to the warrant subscription agreement dated 29 May 2012 entered by the Company and the subscriber, Max Sun Enterprises Limited, the subscriber was issued with an aggregate of 100,000,000 Warrants at the issue 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 certain adjustment events). Each Warrant carries the right to subscribe for one Share. The subscription rights are exercisable within sixty months from the date of the issue of the Warrants.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any person had or were deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% 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 members of the Group.

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no Director of the Company is a director or employee of Max Sun Enterprises Limited or Chow Tai Fook Nominee Limited.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors have a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

4. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
Donvex Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO
LCH (Asia-Pacific) Surveyors Limited	Professional Surveyors
Crowe Horwath (HK) CPA Limited	Certified Public Accountants
Wallbanck Brothers Securities (Hong Kong) Limited	A licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (advising on asset management) regulated activities as defined under the SFO

As at the Latest Practicable Date, each of the above experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of their letters and references to their names in the form and context in which they appears.

As at the Latest Practicable Date, each of the above experts did not have 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.

As at the Latest Practicable Date, each of the above experts did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors have, or had, any direct or indirect interest in any assets which had been or are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Company were made up. None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the initial management shareholders or their respective associates had an interest in any business that competes with or is likely to compete with the business of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Company were made up.

8. GENERAL

In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the office of the Company at Room 1007–08, 10/F, New World Tower I, 18 Queen's Road Central, Central, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

- (a) the acquisition agreement dated 22 January 2013 entered into between the Purchaser and the Vendor;
- (b) the supplementary agreement dated 23 January 2013 entered into between the Purchaser and the Vendor;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this circular;
- (d) the letter of advice from Donvex Capital to the Independent Board Committee and the Independent Shareholders the text of which is set out on pages 23 to 33 of this circular;
- (e) the written consents as referred to in the paragraph headed "Experts and consents" in this appendix;

- (f) the Evaluation Report by the valuer, LCH (Asia-Pacific) Surveyors Limited, the text of which is set out on in Appendix I of this circular;
- (g) the report from the auditor, Crowe Horwath (HK) CPA Limited, in relation to the Evaluation Report, the text of which is set out in Appendix II of this circular;
- (h) the report from the financial adviser, Wallbanck Brothers Securities (Hong Kong) Limited, in relation to the Evaluation Report, the text of which is set out in Appendix III of this circular; and
- (i) this circular.



NEW TIMES ENERGY CORPORATION LIMITED

新時代能源有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00166)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“SGM”) of New Times Energy Corporation Limited (the “Company”) will be convened and held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on 15 March 2013 at 10:40 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution of the Company:

ORDINARY RESOLUTION

A. “THAT:

- (a) the execution of the acquisition agreement and the supplemental agreement dated 22 January 2013 and 23 January 2013 respectively (collectively the “Acquisition Agreement”, a copy of which is marked “A” and “B” respectively and initialed by the chairman of the SGM for identification purpose and tabled at the SGM) entered into between Total Belief Limited, a wholly-owned subsidiary of the Company (the “Purchaser”), and Ms. Lin Ru Xiang (the “Vendor”), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 22% equity interest of New Phoenix Global Limited (the “Target Company”) for a total consideration of HK\$13,900,000 which will be satisfied by cash consideration of HK\$2,000,000 and the issuance of convertible bonds (the “Convertible Bonds”) in an aggregate principle amount of HK\$11,900,000 by the Company to Vendor, and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the creation and issue by the Company of the Convertible Bonds to the Vendor in accordance with the terms and conditions of the Acquisition Agreement and the terms and conditions of the Convertible Bonds attached to the Acquisition Agreement and all contemplated transactions thereunder be and are hereby approved, ratified and confirmed;

* For identification purpose only

NOTICE OF SGM

- (c) the directors (the “Directors”) of the Company (or a duly authorised committee thereof) be and they are hereby generally and specifically authorised to allot and issue such number of Shares (the “Specific Mandate”) up to 11,900,000 new ordinary shares of the Company at the conversion price of HK\$1.00 each which may fall to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds. The Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
- (d) the Director are hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivering all agreements, documents and instruments) which are in their opinion, necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Acquisition Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the Acquisition Agreement and all transactions contemplated thereunder and are in the interests of the Company.”

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

Hong Kong, 27 February 2013

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Room 1007–8, 10/F,
New World Tower 1
18 Queen’s Road Central
Central
Hong Kong

Notes:

- (1) Any shareholder of the Company (the “Shareholder(s)”) entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.
- (2) The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and in such event, the form of proxy shall be deemed to be revoked.

NOTICE OF SGM

- (4) Where there are joint Shareholders any one of such joint Shareholder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the SGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint holding.
- (5) The form of proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof.
- (6) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.