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NEW TIMES GROUP HOLDINGS LIMITED
新時代集團控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 166)

**SUPPLEMENTAL AGREEMENTS IN RELATION TO
A VERY SUBSTANTIAL ACQUISITION
AND
RESUMPTION OF TRADING**

SUPPLEMENTAL AGREEMENTS

On 12 December 2008, the Company entered into the Fifth Supplemental Agreement with the Vendors and the Target pursuant to which the Company agreed to acquire and the Vendors agreed to sell the entire issued share capital of the Target at a Revised Consideration of HK\$2,100 million, and to revise certain other related terms and conditions for the Acquisition. On 6 January 2009, the Company, the Vendors and the Target entered into the Sixth Supplemental Agreement to amend the payment mechanism of the Contingent Consideration.

The Revised Consideration payable by the Company to the Vendors of HK\$2,100 million comprises (i) HK\$54.6 million in cash; (ii) HK\$90 million to be satisfied by way of issue and allotment of a total of 281,250,000 Revised Consideration Shares at an issue price of HK\$0.32 per Share; (iii) HK\$123 million to be satisfied by way of issue of the Revised Promissory Notes; and (iv) HK\$1,832.4 million to be satisfied by way of issue of the Revised Convertible Notes. The Revised Consideration represents a discount of approximately 70.1% to the amount of the Valuation of the Concessions attributable to the 60% effective interest of the Concessions to be acquired by the Group. The Valuation for the entire Concessions as at 11 September 2008 was US\$1.5 billion (equivalent to approximately HK\$11.7 billion).

* *for identification purpose only*

Further details of the background to and reasons for the Acquisition are set out in the section headed “Background to and reasons for entering into the Supplemental Agreements” below.

LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules. Accordingly, the Acquisition is conditional upon, among other things, the approval by the Shareholders at the SGM. As no Shareholder has any material interest in the Acquisition, no Shareholders are required to abstain from voting in the SGM in respect of the resolution to approve the Acquisition Agreements and the transactions contemplated thereunder.

A circular containing, among other information, (i) further details of the Acquisition; (ii) financial information on the Group; (iii) financial information on the Target Group; (iv) the report on the Valuation by BMI; (v) the Technical Report; and (vi) the notice convening the SGM will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 2:30 p.m. on 12 December 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 7 January 2009.

Reference is made to the Previous Announcements relating to the Acquisition pursuant to which the Company has proposed to acquire the Sale Interests at a consideration of approximately HK\$10.3 billion. Prior to the entering into the Fifth Supplemental Agreement and the Sixth Supplemental Agreement by the parties thereto, it was agreed that Completion would be conditional on the Company having obtained an official valuation report acceptable to the Company prepared and issued by a firm of independent valuers nominated by the Company showing the value of the Concessions being not less than US\$15 billion (the “Valuation Condition”). Upon Completion, the Company will be interested in the entire issued share capital of the Target which is interested in 100% of the issued share capital of High Luck which in turn will be the beneficial and registered owner of 60% interest in each of the Tartagal Concession and Morillo Concession.

On 19 October 2008, the Company announced that it had received from an independent valuer a draft valuation of the Concessions in the amount of approximately US\$1.5 billion (equivalent to approximately HK\$11.7 billion). In light of the aforesaid draft valuation, the Valuation Condition could not be duly fulfilled and the Company and the Vendors have re-negotiated the terms of the Acquisition with a view to entering into a supplemental agreement with the effect of amending the old terms for the Acquisition and reaching new terms and conditions for the Acquisition.

After further arm's length negotiations between the Company and the Vendors, on 12 December 2008, the Company entered into the Fifth Supplemental Agreement with the Vendors and the Target pursuant to which the Company agreed to acquire and the Vendors agreed to sell the entire issued share capital of the Target at the Revised Consideration of HK\$2,100 million, and to revise certain other related terms and conditions for the Acquisition. On 6 January 2009, the Company, the Vendors and the Target entered into the Sixth Supplemental Agreement to amend the payment mechanism of the Contingent Consideration. Details of the Supplemental Agreements are set out below:

SUPPLEMENTAL AGREEMENTS

Date of the Fifth Supplemental Agreement:

12 December 2008

Date of the Sixth Supplemental Agreement:

6 January 2009

Parties:

- (i) Vendor 1 : Mr. Chan Koon Wa
- (ii) Vendor 2 : Mr. Wong Cheung Yiu
- (iii) Purchaser : the Company
- (iv) Target : Jade Honest Limited

Vendor 1 is a Hong Kong merchant who has extensive experience in international trading and investment activities; and Vendor 2 is a Hong Kong merchant who has extensive experienced in international trading, corporate and project management, and investment activities. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendors are third parties independent of the Company and its connected persons, and neither Vendors holds any directorship in any Hong Kong listed companies. Save for entering into the Acquisition Agreements, there is no prior transaction and relationship between the Vendors and the Company.

Revised Consideration

Pursuant to the Fifth Supplemental Agreement, the consideration for the Acquisition will be reduced from HK\$10,312 million to HK\$2,100 million, of which HK\$699,300,000 and HK\$1,400,700,000 will be payable to Vendor 1 and Vendor 2 respectively. The Revised Consideration is to be satisfied in the following manner:

To Vendor 1:

- (i) as to HK\$12,987,000 already paid upon signing of the First Supplemental Agreement on 12 November 2007 as a non-refundable payment;
- (ii) as to HK\$5,194,800 already paid upon signing of the First Supplemental Agreement on 12 November 2007, being a payment refundable within 7 days upon termination of the Acquisition Agreements;
- (iii) as to HK\$29,970,000 payable to Vendor 1 and/or its Nominee(s) to be satisfied by the Company by way of the issue and allotment of 93,656,250 Revised Consideration Shares at the issue price of HK\$0.32 per share in three equal tranches (each tranche comprising 31,218,750 Shares) as follows:
 - (a) the First Tranche Revised Consideration Shares to be issued at Completion;
 - (b) the Second Tranche Revised Consideration Shares to be issued on the date falling three months after Completion, and if such date is not a Business Day, the first Business Day thereafter; and
 - (c) the Third Tranche Revised Consideration Shares to be issued on the date falling 6 months after Completion, and if such date is not a Business Day, the first Business Day thereafter.
- (iv) as to HK\$40,959,000 payable to Vendor 1 and/or its Nominee(s) upon Completion and to be satisfied by the Company by the issue of the Revised Promissory Notes; and
- (v) as to HK\$610,189,200 payable to Vendor 1 and/or its Nominee(s) upon Completion and to be satisfied by the Company by the issue of the Revised Convertible Notes.

To Vendor 2:

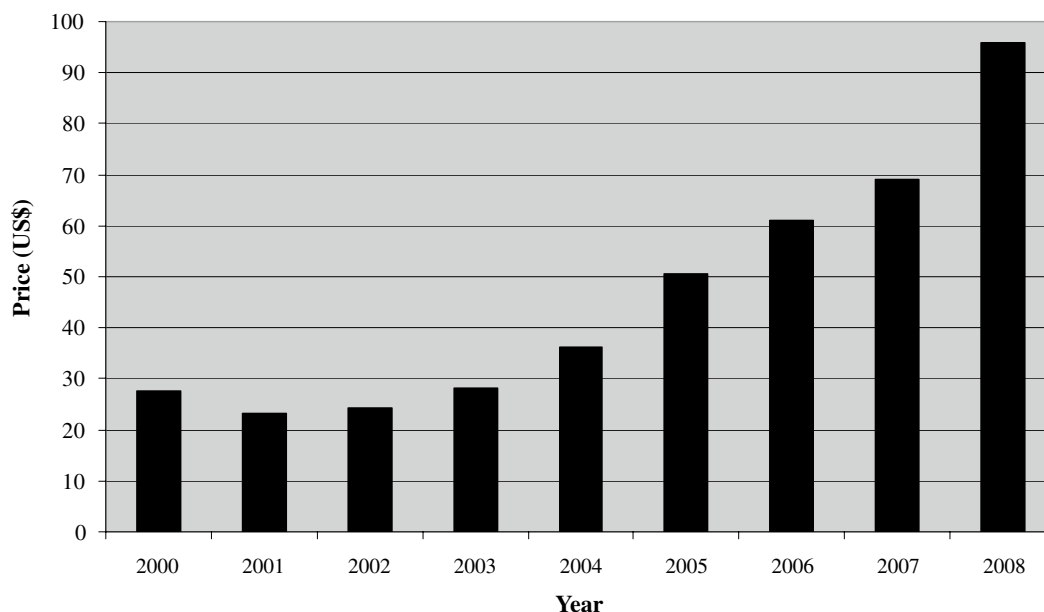
- (i) as to HK\$26,013,000 already paid upon signing of the First Supplemental Agreement on 12 November 2007 as a non-refundable payment;
- (ii) as to HK\$10,405,200 already paid upon signing of the First Supplemental Agreement on 12 November 2007, being a payment refundable within 7 days upon termination of the Acquisition Agreements;

- (iii) as to HK\$60,030,000 payable to Vendor 2 and/or its Nominee(s) to be satisfied by the Company by way of the issue and allotment of 187,593,750 Revised Consideration Shares at the issue price of HK\$0.32 per share in three equal tranches (each tranche comprising 62,531,250 Shares) as follows:
 - (a) the First Tranche Revised Consideration Shares to be issued at Completion;
 - (b) the Second Tranche Revised Consideration Shares to be issued on the date falling three months after Completion, and if such date is not a Business Day, the first Business Day thereafter; and
 - (c) the Third Tranche Revised Consideration Shares to be issued on the date falling 6 months after Completion, and if such date is not a Business Day, the first Business Day thereafter.
- (iv) as to HK\$82,041,000 payable to Vendor 2 and/or its Nominee(s) upon Completion and to be satisfied by the Company by the issue of the Revised Promissory Notes; and
- (v) as to HK\$1,222,210,800 payable to Vendor 2 and/or its Nominee upon Completion and to be satisfied by the Company by the issue of the Revised Convertible Notes.

The Revised Consideration payable by the Company to the Vendors of HK\$2,100 million comprises (i) HK\$54.6 million in cash; (ii) HK\$90 million to be satisfied by way of issue and allotment of a total of 281,250,000 Revised Consideration Shares at an issue price of HK\$0.32 per Share; (iii) HK\$123 million to be satisfied by way of issue of the Revised Promissory Notes; and (iv) HK\$1,832.4 million to be satisfied by way of issue of the Revised Convertible Notes. The Revised Consideration represents a discount of approximately 70.1% to the amount of the Valuation of the Concessions attributable to the 60% effective interest of the Concessions to be acquired by the Group. The Valuation for the entire Concessions as at 11 September 2008 was US\$1.5 billion (equivalent to approximately HK\$11.7 billion).

The Revised Consideration of HK\$2,100 million was determined after arm's length negotiations between the Company and the Vendors with reference to (i) the Valuation of the Concessions of US\$1.5 billion (equivalent to approximately HK\$11.7 billion) as at 11 September 2008 by BMI, which was arrived at on the basis of the findings in the Technical Report issued by the Technical Advisor, NSAI; (ii) 60% of the effective interest in the Concessions proposed to be acquired by the Company pursuant to the Acquisition Agreements; (iii) the estimated prospective resources of approximately 74.5 million tons of oil based on the findings of the Technical Report (equivalent to approximately 545.8 million barrels of oil); (iv) approximately US\$40 per barrel (with reference to the prevailing market prices of oil per barrel in December 2008); and (v) the average oil price of US\$99.1 per barrel for the eleven months from 1 January 2008 to 30 November 2008 as quoted on the website of the Organization of the Petroleum Exporting Countries, with highest average price of US\$131.2 per barrel in July 2008 and lowest average price of US\$39.7 per barrel in December 2008 (up to 11 December 2008). The Directors note that there has been a decrease in the market price of oil per barrel since August 2008 and consider that such decrease is mainly attributable to the market uncertainties and chaos surrounding the global economy since the second half of 2008 as brought by the sub-prime credit problems in the United States' financial market. Taking into account the limited energy resources available in the world and the increasing consumption of petroleum and natural gas all over the world as a result of industrialisation and urbanisation, the Directors are optimistic to the market price of oil and gas over the long time spectrum with reference to the trend of oil price in the past years. Set out below are the statistics of petroleum prices:

Yearly Average Price



Source: Data extracted from the website of Organization of the Petroleum Exporting Countries (OPEC) as of 22 December 2008

NSAI is a firm of international independent reserves consultants and has conducted reserve certifications, technical studies and economic evaluations, and advisory work for various listed companies all over the world. The experts that have been directly involved in the Technical Report are experienced engineers with appropriate professional qualifications. The Technical Report has been prepared in accordance with the definitions and guidelines set forth in the PRMS, which are globally recognised definitions for petroleum industry. The PRMS standards were approved by the Society of Petroleum Engineers in March 2007 and jointly sponsored by the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers. In view of the above, the Directors consider that the result of the Technical Report is reliable and the Technical Report has been prepared in accordance with generally accepted and recognised standards in the petroleum industry. BMI has arrived at the Valuation based on the findings of the Technical Report. The experts involved in the valuation have extensive experience in valuing similar assets or companies engaged in petroleum industry. As more particularly described in the section headed “Methodology adopted by the Technical Adviser” below, taking into account the fact that no extensive test drilling has been conducted in the Concessions, the petroleum resources in the Concessions were classified as prospective resources in the Technical Report. The results concluded in the Technical Report were therefore far more conservative in comparison to those in the PRC report. The prospective resources of approximately 74.5 million tons or 545.8 million barrels of oil for the Concessions have been arrived at after due care of the Technical Adviser and in accordance with internationally recognised standards. The Board has taken into consideration that the risks and uncertainties associated with the findings of the Technical Report and the Valuation in coming to terms with the Vendors of the Revised Consideration of HK\$2,100 million which represents a significant discount of approximately 70.1% to the amount of the Valuation of the Concessions attributable to the Sale Interests. Further details of the Valuation and the Technical Report are set out in the section headed “Background to and reasons for entering into the Supplemental Agreements” below.

Taking into account the above factors, the Directors consider that the Revised Consideration is fair and reasonable. Further details of the risk factors associated with the Acquisitions and the investment in the Concessions are set out in the section headed “Risk factors” below.

Contingent Consideration after Completion

Pursuant to the Fifth Supplemental Agreement, if within 3 years subsequent to Completion, the Company having obtained a technical report (the “Contingent Technical Report”) in a form and substance reasonably acceptable to the Company having been prepared and issued by a firm of independent technical consultants to be appointed by the Company and agreed by the Vendors showing, and the Company being satisfied, that the aggregate proved reserves (as defined in the PRMS) in the Concessions are not less than 100 million tons of oil, the Company shall forthwith arrange to issue the Contingent Announcement and within 90 days after the publication of the Contingent Announcement on the website of the Stock Exchange, at the choice of the Company after consultation with the Vendors, either

- (i) pay to the Vendors by cheque a sum of HK\$780,000,000 as to HK\$259,740,000 to Vendor 1 and as to HK\$520,260,000 to Vendor 2; or
- (ii) in the event of the Company having obtained the necessary legal and regulatory approvals, pay to the Vendors in aggregate HK\$780 million by allotment and issue of new Shares at the price equivalent to the average closing price of the Shares as stated in the Stock Exchange daily quotations sheet for the 10 Business Days immediately preceding the date of the Contingent Announcement in the same proportion as stated in (i) above; or
- (iii) in the event of the Company having obtained the necessary legal and regulatory approvals, pay to the Vendors in aggregate HK\$780 million in the same proportion as stated in (i) above by a combination of cheque and allotment and issue of new Shares at the price equivalent to the average closing price of the Shares as stated in the Stock Exchange daily quotations sheet for the 10 Business Days immediately preceding the date of the Contingent Announcement in any proportion in the absolute discretion of the Company.

Pursuant to the Sixth Supplemental Agreement, in the event that the obligation of the Company for the Contingent Consideration materialises, no new Shares shall be issued to the Vendors or parties acting in concert with any of them to the extent that such issue will result in a change in control (as defined in the Takeovers Code) of the Company. For the avoidance of doubt, in the case that the Company does not elect to issue new Shares to settle part of or all of the Contingent Consideration, any outstanding amount of the Contingent Consideration will be settled by way of cash.

If new Shares are to be issued by the Company to the Vendors to settle part of or all of the Contingent Consideration and such issue of new Shares will trigger the obligation of the Vendors and parties acting in concert with any of them to make a general offer for all the issued share capital of the Company (other than those already owned or agreed to be acquired by the Vendors and parties acting in concert with any of them), the Vendors and parties acting in concert with any of them will ensure strict compliance with the relevant provisions of the Takeovers Code. Pursuant to the Supplemental Agreements, the Company has the absolute

discretion to choose the settlement method of the Contingent Consideration. The terms and conditions of the Contingent Consideration (including the payment in cash, in whole or in part, of the Contingent Consideration) will be subject to Shareholders' approval at the SGM. In the event that the Company elects to issue new Shares to settle part or all of the Contingent Consideration, the Company will also comply with the relevant reporting and/or Shareholders' approval requirements of the Listing Rules including but not limited to provisions under Chapter 14A of the Listing Rules where applicable.

However, if before the expiration of the Payment Date, there occurs any of the following event(s), the obligation of the Company for the Contingent Consideration shall cease:

- (i) any force majeure event which in the reasonable opinion of the Company may have a material adverse effect on the Company's interest, whether direct or indirect, in the Concessions; or
- (ii) any event including civil unrest or governmental or other third party action or inaction which in the reasonable opinion of the Company may result in its rights and interest in the exploration or exploitation of the Concessions being substantially impaired or infeasible.

For the avoidance of doubt, the obligation of the Company for the Contingent Consideration shall cease after the Contingent Technical Report has been produced showing that the aggregate proved reserves (as defined in the PRMS) in the Concessions are less than 100 million tons of oil.

On the basis of an assumed proved reserves of 100 million tons of oil, BMI has indicated that the valuation of the Concessions would have been US\$10 billion (equivalent to approximately HK\$78 billion) as at 11 September 2008 (the "Contingent Valuation"). The Contingent Valuation is estimated based on US\$13.52 per barrel of proved reserve of oil, which is determined by using the weighted average of the acquisition prices for each barrel of proved reserve in the comparable transactions. The sum of the Revised Consideration and the Contingent Consideration of HK\$2,880 million represents a discount of approximately 93.8% of the amount of the Contingent Valuation attributable to the Sale Interests. Pursuant to the PRMS, proved reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulators. Taking into account (i) the Contingent Consideration is conditional on the Company having received the Contingent Technical Report showing proved reserves of not less than 100 million tons of oil; (ii) the Contingent Valuation of US\$10 billion; and (iii) the term "proved reserves" is the category with the highest chance of commercial recovery and with the highest certainty of the estimated volumes being recovered under the PRMS, the Directors consider that the Contingent Consideration is fair and reasonable.

For discussion purpose, assuming the Company shall have elected to settle the Contingent Consideration solely by way of issue of new Shares and at an issue price of HK\$0.32 per Share (being the closing price of the Shares on 12 December 2008 on which trading of Shares were suspended from 2:30 p.m. pending the release of this announcement), 2,437,500,000 new Shares will be issued to the Vendors, representing approximately 311.6% of the existing issued share capital of the Company and 26.4% of the issued share capital of the Company as enlarged by the Revised Consideration Shares, the Revised Conversion Shares and the issue of the aforesaid 2,437,500,000 new Shares for the settlement of the Contingent Consideration.

Principal terms of the Revised Promissory Notes

Aggregate amount	:	HK\$123,000,000
Maturity date	:	Third anniversary date of the Promissory Notes
Interest	:	2% per annum payable on the maturity date
Repayment	:	To be repaid upon maturity
Transferability	:	Freely transferable

Principal terms of the Revised Convertible Notes

Total principal amount	:	HK\$1,832,400,000
Denomination	:	in the denomination of HK\$1,000,000 each (for the avoidance of doubt, a Revised Convertible Note of HK\$400,000 will be issued to sum up the total principal amount)
Maturity date	:	30th anniversary date of the Revised Convertible Note(s)
Conversion price	:	HK\$0.32 per Share
Interests	:	Interest free
Conversion period	:	any time before maturity
Repayment	:	The Company has no obligation to repay any outstanding amount of the Revised Convertible Notes
Transferability	:	The Revised Convertible Notes may be assigned or transferred with the prior consent of the Company and (if required) that of Stock Exchange, to any party, and the Company shall use all reasonable endeavors to facilitate any such assignment or transfer of the Revised Convertible Notes, including making any necessary applications to the Stock Exchange for approval (if required).

- Adjustments of the conversion price : Subject to usual adjustment provisions customary for convertibles notes of similar kind. The adjustment events will arise as a result of certain change in the share capital of the Company including consolidation or sub-division of shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company.
- Conversion period : the Noteholders will have the right to convert the whole or part (in an amount of HK\$1,000,000, or if the entire outstanding principal amount at the relevant time is less than HK\$1,000,000, the entire outstanding principal amount) of the principal amount of the Revised Convertible Notes into Shares at any time before maturity.
- Conversion restriction : The Noteholder(s) shall not have the right to convert the whole or part of the principal amount of the Revised Convertibles Note into Shares to the extent that immediately after such conversion:
- (i) the Noteholder(s) together with parties acting in concert with it or deemed to be so with it, taken together will, directly and indirectly, control or be interested in 20% or more of the voting rights of the Company or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer or be deemed to be an associated company (as defined under the Takeovers Code) or deemed to be acting in concert in force from time to time whichever shall be the lowest; or
 - (ii) the Company will be in breach of any provision of the Listing Rules, including the requirement to maintain the prescribed minimum percentage of issued share capital of the Company held by the public (as defined in the Listing Rules), unless prior approval or waiver has been obtained from the Stock Exchange.

In the event that the Noteholder(s) exercise the conversion rights under the Revised Convertible Notes, the Board will ensure that no Revised Conversion Shares will be issued to the Noteholder(s) if such issue results in any of the circumstances (i) or (ii) as stated above.

Right of Redemption : the Company shall have the right without the prior agreement of any Noteholder(s) at any time after the issue of the Revised Convertible Notes and up to and inclusive of the date falling on the 30th anniversary of the date of issue to redeem the whole or any part of the then outstanding principal amount of the Revised Convertible Notes at an amount equal to 100% of the principal amount of the Revised Convertible Notes being redeemed.

In the event that the Company decides to redeem any of the outstanding Revised Convertible Notes, the Company will comply with the relevant reporting and/or Shareholders' approval requirements of the Listing Rules including but not limited to provisions under Chapter 14A of the Listing Rules where applicable.

In view of the potential future dilution of existing Shareholders upon the exercise of the conversion rights pursuant to the Revised Convertible Notes, the Company will ensure strict compliance with Rule 13.25A(3) and Rule 13.25B of the Listing Rules in relation to disclosure requirements in respect of any changes in the issued share capital of the Company.

Save as disclosed above, other terms of the Revised Promissory Notes and the Revised Convertible Notes are usual terms customary for instruments of similar kind.

Issue price of Revised Consideration Shares and conversion price of Revised Conversion Shares

The issue price of the Revised Consideration Shares and conversion price of the Revised Convertible Notes are the same at HK\$0.32 per Share and have been determined after arm's length negotiations between the Company and the Vendors taking account of the prevailing market prices of the Shares. The issue price of HK\$0.32 per Revised Consideration Shares and conversion price of the Revised Convertible Note of HK\$0.32 per Revised Consideration Share represent:

- (i) equivalent to the closing price of the Shares of HK\$0.32 per Shares as quoted on the Stock Exchange on 12 December 2008, being the half trading day of the Shares prior to suspension in trading of Shares and pending the release of this announcement;
- (ii) a premium of approximately 6.7% over the closing price of the Shares of HK\$0.30 per Share as quoted on the Stock Exchange on 11 December 2008, being the last full trading day of the Shares prior to the suspension in trading of Shares and pending the release of this announcement (the "Last Full Trading Day");
- (iii) a premium of approximately 6.7% over the closing price of the Shares of HK\$0.30 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Full Trading Day; and
- (iv) a premium of approximately 10.3% over the closing price of the Shares of HK\$0.29 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Full Trading Day;

The Directors consider that the proposed issue price and conversion price are fair and reasonable so far as the Company and the Shareholders are concerned.

The 281,250,000 Revised Consideration Shares represent approximately 36.0% of the existing issued share capital of the Company and approximately 26.4% of the issued share capital of the Company as enlarged by the Revised Consideration Shares. The 5,726,250,000 Revised Conversion Shares represent approximately 732.0% of the existing issued share capital of the Company and approximately 88.0% of the issued share capital of the Company as enlarged by the Revised Conversion Shares. The aggregation of the Revised Consideration Shares and the Revised Conversion Shares represent approximately 768.0% of the existing issued share capital of the Company and approximately 88.5% of the issued share capital as enlarged by the Revised Consideration Shares and the Revised Conversion Shares.

Amendment to the conditions precedent

By the time of entering into the Framework Agreement, the Company did not intend to acquire the outstanding shareholders' loan from the Vendors. Accordingly, the condition precedent of "the audited accounts of the Target Group showing as at the date of Completion, the Target Group having a positive net asset value and there being no liabilities, whether actual or contingent" was included in the Framework Agreement and it is intended that the Vendors shall capitalise or waive all the shareholders' loan immediately before Completion. On 11 November 2007, the Target acquired additional 49% interest of High Luck at a consideration of US\$30 million (or equivalent to approximately HK\$234 million) which was financed by the Vendors by way of shareholders' loan and the Company and the Vendors entered into the First Supplemental which, among others, amended the original condition precedent as set out above as follows:

Amended terms under the First Supplemental Agreement:

"the audited accounts of the Target Group showing as at the date of Completion, the Target Group having a positive net asset value and there being no liabilities, whether actual or contingent, except a total sum of US\$30 million owed by the Target to the Vendors which shall on Completion be assigned to the Company or its nomineee."

During the negotiations of the terms and conditions of the Fifth Supplemental Agreement, the Company decided to acquire the entire shareholders' loan of the Target Group as at Completion. The shareholders' loan as at 30 June 2008 amounted to HK\$817,909,000.55, which comprised of (i) the above-mentioned US\$30 million (equivalent to approximately HK\$234 million) for the acquisition of 49% of High Luck; (ii) US\$70 million (equivalent to approximately HK\$546 million) contributed by the Vendors for the acquisition of 51% equity interest in High Luck before the entering into the Framework Agreement; and (iii) approximately US\$4.86 million (equivalent to approximately HK\$37.9 million) contributed by the Vendors as general working capital for payment of administrative expenses and professional fees.

In the circumstances, the amended condition of the Acquisition as set out above is further amended as follows:

Amended terms under the Fifth Supplemental Agreement:

“the audited accounts of the Target Group showing as at the date of Completion, the Target Group having a positive net asset value and there being no liabilities, whether actual or contingent, except a total sum of HK\$817,909,000.55 owed by the Target to the Vendors which shall on Completion be assigned to the Company or its nominee”

Save as disclosed above, there is no other amendments to the conditions precedent of the Acquisition. A summary of the condition precedents of the Acquisition is set out in section headed “Summary of conditions precedent” below.

The aggregate consideration paid by the Vendors to the original owner of High Luck (the “Original Owner”) for the acquisition of 100% equity interest in High Luck was US\$100 million (equivalent to approximately HK\$780 million) (the “High Luck Consideration”). The Directors note that the Revised Consideration of HK\$2,100 million represents a premium of approximately 1.7 times over the High Luck Consideration. The Directors considers that they are not in a position to ascertain the circumstances relating to the negotiation of the acquisition of the equity interest of High Luck by the Vendors and the connections and relationships of the Vendors with the Original Owner and the Consortium. Further, the Board is not in a position to ascertain the basis of the High Luck Consideration and whether there are any commercial considerations given by the Vendors to the Original Owners. On this premise, the Directors consider that the High Luck Consideration is of less relevance to the Company. As detailed in paragraph headed “Revised Consideration” above, the Revised Consideration of HK\$2,100 million was determined after arm’s length negotiations between the Company and the Vendors with reference to, among others, the Valuation of the Concessions of US\$1.5 billion (equivalent to approximately HK\$11.7 billion) as at 11 September 2008 by BMI, which was arrived at on the basis of the findings in the Technical Report issued by the Technical Advisor, NSAI. The Adjusted Consideration represents a significant discount of approximately 70.1% to the effective interests of 60% to be held by the Group in the Valuation and therefore the Directors consider that the Revised Consideration is fair and reasonable.

Extension of the Long Stop Date

Pursuant to the Fifth Supplemental Agreement, the Company and the Vendors have agreed to extend the Long Stop Date from 12 December 2008 to 31 March 2009 (or such later date as the Company and the Vendors may agree) to allow more time for the fulfillment of the condition precedents to the Acquisition.

All the major terms and conditions of the Fifth Supplemental Agreement and the Sixth Supplemental Agreement have been disclosed above. Save as disclosed above, all other major terms and conditions of the Intended Contract (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement) as disclosed in the Previous Announcement shall remain the same.

SUMMARY OF CONDITIONS PRECEDENT

Completion of the Acquisition is subject to the following conditions precedent under the Acquisition Agreements:

- (i) having obtained the approval by the Shareholders of the Acquisition Agreements and the transactions contemplated thereunder (including but not limited to (i) the purchase of the Sale Interests; (ii) the issue and allotment of the Revised Consideration Shares to Vendor 1 and Vendor 2 and/or their respective Nominees; (iii) the issue of the Revised Convertible Notes to Vendor 1 and Vendor 2 and/or their respective Nominees; and (iv) the issue and allotment of the Revised Conversion Shares upon the exercise of the conversion rights under the Revised Convertible Notes as required by the Listing Rules);
- (ii) having complied to the satisfaction of the Stock Exchange and where applicable, the SFC with all requirements under the Listing Rules and, where applicable, the Takeovers Code in relation to the issue and allotment of the Revised Consideration Shares, the issue of the Revised Convertible Notes and the issue and allotment of the Revised Conversion Shares upon the exercise of the conversion rights under the Revised Convertible Notes and other transactions contemplated herein;
- (iii) the Shares remaining listed and traded on the Main Board of the Stock Exchange at all times from the date of the Intended Contract up to (and including) the completion of the transactions contemplated herein, save for any temporary suspension not exceeding twelve consecutive Business Days, or such longer period as may be required by the SFC or the Stock Exchange in connection with the review and approval of the documents relating to the Intended Contract by the SFC or the Stock Exchange prior to their release or publication, and no indication being received prior to Completion from the SFC or the Stock Exchange to the effect that the listing of the Shares on the Main Board of the Stock Exchange shall or may be withdrawn or objected to;
- (iv) having obtained any necessary waiver, consent, approval, licence, authorization, 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 Agreements and any of the transactions contemplated under the Acquisition Agreements, including but not limited to (where required) the Bermuda Monetary Authority granting its permission to the issue and allotment of the Revised Consideration Shares, the issue of the Revised Convertible Notes and the issue and allotment of the Revised Conversion Shares upon the exercise of the conversion rights under the Revised Convertible Notes;
- (v) where required, the Listing Committee of the Stock Exchange having approved the issuance of the Revised Convertible Notes;
- (vi) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Revised Consideration Shares and the Revised Conversion Shares (in each case, either unconditionally or subject only to conditions which the Vendors have no reasonable objection);

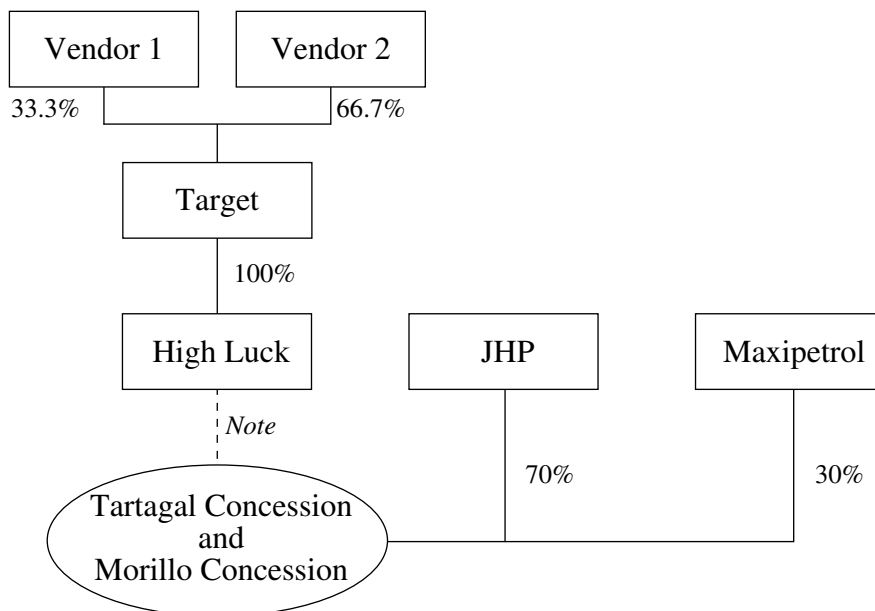
- (vii) Vendor 1 and Vendor 2 having delivered to the Company a legal opinion in a form and substance acceptable to the Company prepared by BVI lawyers acceptable to the Company confirming the shareholding structure of the Target;
- (viii) the Company having obtained an official valuation report in a form and substance acceptable to the Company prepared and issued by a firm of independent valuers nominated by the Company showing the value of the Tartagal Concession and Morilla Concession being not less than US\$15 billion;
- (ix) the audited accounts of the Target Group showing as at the date of Completion, the Target Group having a positive net asset value and there being no liabilities, whether actual or contingent, except a total sum of HK\$817,909,000.55 owed by the Target to the Vendors which shall on Completion be assigned to the Company or its nominee;
- (x) Vendor 1 and Vendor 2 having delivered to the Company a legal opinion in a form and substance acceptable to the Company prepared by an Argentina legal adviser acceptable to the Company on the legality, validity and enforceability of under the Concessions and the rights thereunder including but not limited to ownership, including but not limited to High Luck being a beneficial owner of 60% interests in the Concessions and the related exploitation rights;
- (xi) a technical report in a form and substance acceptable to the Company having been prepared and issued by a firm of independent technical consultants showing that the total crude oil and natural gas reserves in the Tartagal Concession and the Morillo Concession with no material deviation to the valuation report;
- (xii) all the Vendors' warranties being true and correct in all material respects as at Completion by reference to the facts and circumstances subsisting at that date; and
- (xiii) the Company being satisfied with the results of its legal and financial due diligence in respect of the Target Group by notifying the Vendors in writing.

Conditions (vii), (viii), (ix), (xi), (xii) and (xiii) are waivable under the Acquisition Agreements. If any of the above conditions precedent is not fulfilled or waived (as the case may be) on or before 31 March 2009 or such later date as may be agreed in writing between the parties to the Acquisition Agreements, the Acquisition Agreements shall be terminated and all rights and obligations of the parties to the Acquisition Agreements shall cease immediately upon termination. As at the date hereof, none of the above conditions precedent has been fulfilled. As condition (viii) above is waivable under the Acquisition Agreements and BMI has confirmed the Valuation of US\$1.5 billion before the entering into the Fifth Supplemental Agreement, no amendment on condition (viii) above was considered to be necessary at the time of entering into the Fifth Supplemental Agreement. It is the intention of the Company to waive condition (viii) above as the Revised Consideration has been determined with reference to, among others, the Valuation of US\$1.5 billion.

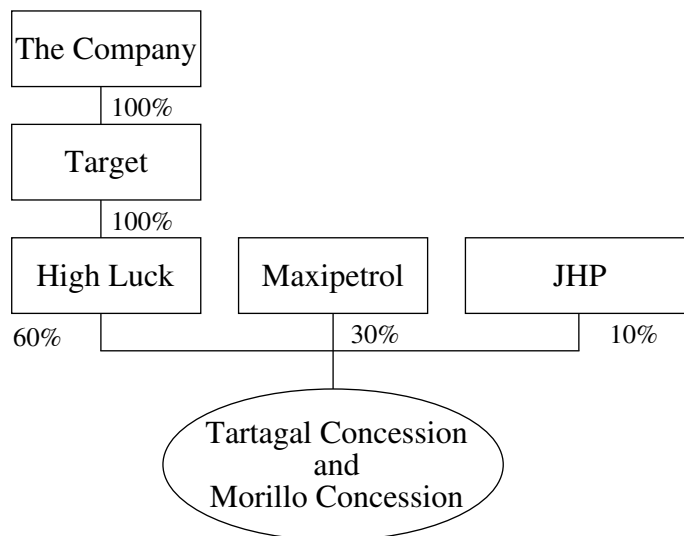
SHAREHOLDING STRUCTURE OF THE TARGET AND THE CONCESSIONS

Set out below is the shareholding structure of the Target and the Concessions as at the date hereof and immediately after the Completion:

(i) as at the date hereof:



(ii) immediately after Completion:



Note: On 20 September 2007, High Luck and the Consortium entered into an assignment agreement pursuant to which, the Consortium has agreed to assign 60% interests in the Concessions to High Luck subject to the notification to the Argentina government requesting authorisation of the assignment to High Luck.

As advised by the Vendors and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Concessions are currently held by the Consortium as to 70% by JHP and as to 30% by Maxipetrol. JHP was incorporated in the PRC and is an integrated petroleum engineering services provider in China, focusing on petroleum engineering services including drilling, well logging, downhole operation and oilfield construction engineering. Maxipetrol was incorporated in Argentina, which is an investment holding company engaged in the business of exploration and exploitation of oil and gas. The main responsibilities of High Luck in the oilfields project are to (i) obtain 100% funding for investments and expenses during the exploration stage; (ii) place certain drilling equipments in Salta; (iii) provide personnel for exploration of the Concessions; and (iv) prepare work plan and progress reports of the exploration. The main responsibilities of Maxipetrol are to (i) obtain offices in Tartagal, and also in Salta if necessary, for High Luck; (ii) establish contact with the government authorities in Argentina; (iii) cooperate and assist in environmental and social matters; and (iv) provide funding in accordance with its 30% interests in exploitation stage. The main responsibilities of JHP are to (i) provide any necessary support in the restructuring of the Consortium; and (ii) to provide any technical assistance when necessary. It is intended that any profit generated in the oilfield project will be first applied to repay the funding provided by High Luck during the exploration stage. The production profit sharing after the aforesaid repayment will be based on the equity interest of each of High Luck, JHP and Maxipetrol in the Concessions. It is also intended that the funding requirement at the exploitation stage will be based on the equity interest ratio of each of High Luck, JHP and Maxipetrol in the Concessions.

EFFECT ON THE SHAREHOLDING STRUCTURE

The following chart depicts the effects of the issue of the Revised Consideration Shares and the Revised Conversion Shares on the shareholding structure of the Company based on the issued share capital and shareholding structure of the Company as at the date of this announcement and without taking into account issue of new Shares, if any, after the date of this announcement:

	As at the date of this announcement		Upon Completion and the issue of the First Tranche Revised Consideration Shares		After Completion and the issue of the First Tranche Revised Consideration Shares and the Second Tranche Revised Consideration Shares		After Completion and the issue in full of the Revised Consideration Shares		After Completion and the issue in full of the Revised Consideration Shares and the full conversion of the Revised Convertible Notes at the conversion price of HK\$0.32 (subject to conversion restriction) (note 1)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Chow Tai Fook Enterprises Limited and Max Sun Enterprises Limited (note 2)	194,629,530	24.9	194,629,530	22.2	194,629,530	20.1	194,629,530	18.3	194,629,530	2.9
Vendor 1	-	-	31,218,750	3.6	62,437,500	6.4	93,656,250	8.8	448,124,888	6.6
Vendor 2	-	-	62,531,250	7.1	125,062,500	12.9	187,593,750	17.6	909,829,318	13.4
The Vendors and parties acting in concert with any of them	-	-	93,750,000	10.7	187,500,000	19.3	281,250,000	26.4	1,357,954,206	20.0
Public Shareholders	587,641,500	75.1	587,641,500	67.1	587,641,500	60.6	587,641,500	55.3	5,237,187,294	77.1
Total	782,271,030	100.0	876,021,030	100.0	969,771,030	100.0	1,063,521,030	100.0	6,789,771,030	100.0

Notes:

- The figures under this column are for illustration purpose only. Notwithstanding the conversion rights attaching to the Revised Convertible Notes, the Company will not issue any Shares to the Vendors and parties acting in concert with any of them if upon such issue (i) the Vendors and parties acting in concert with any of them control or be interested in 20% or more of the voting rights of the Company; or (ii) the Company will be in breach of any provision of the Listing Rules, including the requirement to maintain the prescribed minimum percentage of issued share capital of the Company held by the public (as defined in the Listing Rules), unless prior approval or waiver has been obtained from the Stock Exchange. Therefore, the figures under this column are calculated based on the assumption that the Vendors and parties acting in concert with any of them will maintain their shareholdings of 20% from time to time and the remaining Revised Consideration Shares and/or the Revised Conversion Shares will be disposed by the Vendors and parties acting in concert with any of them to the public Shareholders. Details of the conversion restriction of the Revised Convertible Notes are set out in section headed "Principal terms of the Revised Convertible Notes" above.
- Max Sun Enterprises Limited and Chow Tai Fook Enterprises Limited are companies controlled by Dato' Dr. Cheng Yu-Tung.
- For information purpose only, in the event that (i) Chow Tai Fook Enterprises Limited and Max Sun Enterprises Limited control 20% or more of the voting rights of the Company; and (ii) the Vendors and parties acting in concert with any of them control 20% or more of the voting rights of the Company, Chow Tai Fook Enterprises Limited and Max Sun Enterprises Limited on the one hand, and the Vendors and parties acting in concert with any of them on the other hand will be presumed to be acting in concert under Class (1) of the definition of acting in concert under the Takeovers Code.

BACKGROUND TO AND REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

Background

As set out in the First Announcement, at the time when the Company entered into the Framework Agreement, the Concessions were not in any operation of exploration or exploitation. The only exploration work carried out was in the 1980s by a formerly state-owned enterprise of Argentina. The consideration of HK\$10 billion for the 30.6% effective interest in the Concessions was determined based on, among others, the First Indicative Valuation of US\$15 billion (equivalent to approximately HK\$117.0 billion), which was prepared by BMI on the basis of the findings of the PRC Report prepared by CNPC and BGP dated August 2007. The original consideration of HK\$10 billion pursuant to the Framework Agreement represents a discount of approximately 72.1% to the First Indicative Valuation of the Concessions attributable to the 30.6% effective interest of the Concessions to be acquired by the Group.

At the time of entering into the Framework Agreement, only the PRC Report was available to the Company and, therefore, BMI had relied on the estimated resource reserve stated in the PRC Report to come to its First Indicative Valuation. In the circumstances, the Valuation Condition was included in the Framework Agreement to protect the interests of the Company and the Shareholders. As announced by the Company on 14 November 2007, the Company varied the consideration for the Sale Interests to the sum of HK\$10,312 million and the effective interests in the Concessions to be acquired by the Company will increase from 30.6% to 60.0%.

The Company received from BMI a draft of the valuation of the Concessions dated 30 September 2008 in the amount of US\$1.5 billion as of 11 September 2008 in late September 2008, which had been prepared based on the Technical Report prepared by the Technical Adviser on 11 September 2008. As the draft valuation was much lower than the First Indicative Valuation of US\$15 billion given by BMI at the time when the Company entered into the Framework Agreement in October 2007, the Company has had in depth discussions with BMI to understand the methodology which they have adopted for the Valuation.

Methodology adopted by the PRC Technical Adviser

After in-depth discussions with BMI, the Company was given to understand that the methodology adopted in the PRC Report was fundamentally different from the Technical Report. As advised by BMI, the amount of reserve stated in the PRC Report was estimated based on 石油成因法 (the “Oil Formation Analysis”), which is a commonly used estimation technique in the PRC and the former Soviet Union. This technique is mainly adopted in the early exploration stage of oil and gas resources with minimal exploration wells required. The major advantage of performing an estimation using the Oil Formation Analysis is to provide a general picture on the potential resource at a relatively low cost such that the investors can obtain some preliminary information as the basis of their decision on further investment and exploration work.

The Oil Formation Analysis is very similar to the internationally accepted volumetric method (the “Volumetric Method”) in principle. Under the Volumetric Method, seismic and drilling information are used to determine the structure, areal extent, and thickness of potential reservoir rocks. From this, a rough estimate of the bulk rock volume of the reservoir can then be made. Estimates are made of the average porosity and water saturation of the reservoir and of oil and gas volume factors related to the reservoir’s pressure and temperature. Knowledge of the porosity, which is a measure of the amount of void or pore space in a rock, would enable the reservoir engineer to estimate the amount of fluids the reservoir is capable of holding. Knowledge of average water saturation within the pore spaces would allow engineer to determine how much of the pore space is not occupied by water and could contain oil and gas. Once estimates of bulk volume, average porosity, water saturation, as well as oil and gas volume factors have been obtained, a in-place resource is then estimated.

The major difference between Oil Formation Analysis and the Volumetric Method is that Oil Formation Analysis does not rely on the actual discovery of a significant quantity of potentially removable oil from the exploratory wells as an essential criterion. The input parameters for the calculation of the in-place resource are not solely derived from the results of the exploratory wells. Instead, the input parameters in the Oil Formation Analysis were estimated by considering factors such as (i) geologic setting and characteristics of the country; (ii) geologic setting of the basin where the block is located; (iii) geologic setting of the nearby basins; (iv) oil gathering and delivering mechanisms; (v) formation characteristics of the block; (vi) the generation, reserve and capping in the block; (vii) structural characteristics of the block; and (viii) historical statistics of the parameters for other similar blocks. To sum up, the parameters used by the Oil Formation Analysis rely more on experience and subjective projections rather than actual discovery. Therefore, relatively large deviations between estimation results and actual outcomes are not uncommon. The Oil Formation Analysis is a commonly used practice for feasibility studies and preliminary assessment.

Methodology adopted by the Technical Adviser

On the other hand, the Technical Report was prepared in accordance with the PRMS approved by the Society of Petroleum Engineers which is a commonly used international standard for assessing oil and gas resources and reserves.

According to the PRMS, petroleum resources can be classified into three major categories, which are:

- (i) reserves – those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. It must also be discovered, recoverable, commercial and remaining based on the development project applied;
- (ii) contingent resources – those quantities of petroleum estimated to be potentially recoverable from known accumulations, but the applied project is not yet considered mature enough for commercial development due to one or more contingencies; and
- (iii) prospective resources – those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by application of future development projects.

The amount of resource in the Technical Report was estimated based on the Volumetric Method in general. As explained in the paragraph headed “Methodology adopted by the PRC Technical Adviser” above, the Volumetric Method does not consider factors such as geologic setting of the nearby basins and historical statistics of the parameters for other similar blocks as important estimation criteria. Instead, only the exploratory results directly obtained from the drilled wells are taken as essential criteria. As the exploration on the Concessions is only in its early stage and a discovered accumulation has not yet been established, there is only limited data available to the Technical Adviser in relation to the drilling work performed. The results concluded in the Technical Report were therefore far more conservative in comparison to those in the PRC report and the petroleum resources in the Concessions were classified as prospective resources in the Technical Report. As no extensive test drilling has been performed in the Concessions, the Technical Adviser has obtained various data in the preparation of the Technical Report for the assessment of the unrisks potential original hydrocarbons-in-place and gross (100 percent) prospective resources for the Concessions. As stated in the Technical Report, the Technical Adviser had based on (i) digital well logs images of geologic well reports for 22 exploration wells; (ii) 2-D seismic line location data; (iii) seismic line images and digital seismic data for over 200 2-D seismic lines covering the Concessions; and (iv) the potential source rocks, migration pathways and traps provided by the PRC Technical Adviser in the preparation of the Technical Report. The Technical Adviser also reviewed the PRC Report, its public-domain northwest Argentina database, and various publications to supplement its understanding of the regional geology, stratigraphy and hydrocarbon play types of the Concessions. In addition, the Technical Adviser had conducted an independent geologic risk assessment in the estimation of a numerical uncertainty for trap, reservoir, source and timing/migration. Further details of the basis and methodology adopted by the Technical Adviser are set out in the Technical Report which will be included in the circular to be despatched to the Shareholders.

Set out below is a summary of the unrisks gross (100%) prospective oil and gas resources for the Concessions as extracted from the Technical Report dated 11 September 2008:

	Unrisks gross (100%) prospective resources					
	Low estimate		Best estimate		High estimate	
	Oil <i>(millions of barrels)</i>	Gas <i>(million of cubic feet)</i>	Oil <i>(millions of barrels)</i>	Gas <i>(million of cubic feet)</i>	Oil <i>(millions of barrels)</i>	Gas <i>(million of cubic feet)</i>
Probabilistic total	83.6	1,115,954	144.5	2,342,209	256.5	5,089,858

As advised by BMI, the Valuation of US\$1.5 billion is estimated based on the best estimate as stated in the table above (i.e. 144.5 million barrels of oil and 2,342,209 million cubic feet of gas). The estimated prospective resources of approximately 545.8 million barrels of oil (equivalent to approximately 74.5 million tons of oil) were calculated based on the conversion ratio of one cubic feet of gas to 0.0001767 barrels of oil as quoted from the website of the Society of Petroleum Engineers.

The valuation report and the Technical Report of the Concessions prepared by BMI and NSAI respectively will be included in the circular to be despatched to the Shareholders in relation to the Acquisition.

Reasons for entering into the Supplemental Agreements

Having ascertained the reasons for the difference between the methodology adopted in the PRC Technical Report and the Technical Report, the Company had contacted the PRC Technical Adviser directly to reconfirm its understanding from BMI, including the methodology adopted in the PRC Report, after which the Company informed the Vendors of the Valuation with a view to exploring with the Vendors the options available to mitigate the shortfall in the valuation.

The Vendors have expressed their concerns on the methodology adopted by the Technical Adviser. After further arms length negotiations between the Company and the Vendors, the Vendors accepted the Valuation in mid October 2008. The Company then has proposed to the Vendors that the parties shall re-negotiate the terms and conditions of the Acquisition Agreements, and the Company would put forward the proposed terms for the Vendors' consideration. After further arms-length negotiations between the Company and the Vendors, on 12 December 2008, the Company and the Vendors entered into the Fifth Supplemental Agreement with revised terms and condition for the Acquisition.

Taking into account (i) the amount of prospective resource of approximately 74.5 million tons or 545.8 million barrels of oil as stated in the Technical Report; (ii) the results concluded in the Technical Report were far more conservative in comparison to those in the PRC report as explained above; (iii) the Revised Consideration represents a discount of approximately 70.1% to the effective interests of 60% to be held by the Group in the Valuation of approximately US\$1.5 billion (equivalent to approximately HK\$11.7 billion); (iv) the estimated amount of recoverable reserve of oil of 240 million tons and dissolved gas of 83.2 billions of cubic feet (which equal to 545.8 million tons of oil and gas recoverable reserves) as stated in the PRC Report; and (v) the business potentials in the Concessions and the prospects of the natural resources industry as described in the First Announcement, the Directors consider that the entering into the Supplemental Agreements are in the interests of the Company and the Shareholders as a whole and the terms of the Supplemental Agreements are fair and reasonable.

RISK FACTORS

Possible risk factors which may be faced by the Company are as follows:

Investments in new business

The Acquisition constitutes an investment in the new business sector, including petroleum and gas exploration and exploitation. The new business, coupled with the regulatory environment, may pose significant challenges to the Company's administrative, financial and operational resources. Since the Company does not have significant experience in the new business, it is not in a position to assure the timing and amount of any return or benefits that may be received from the new business. If any exploration or exploitation projects, in which the Company attempts to develop does not progress as planned, the Company may not recover the funds and resources it has spent, and this may affect the Company.

Fluctuations in petroleum and gas prices

The fluctuations in supply and demand of petroleum and gas are caused by numerous factors beyond the Company's control, which include, but not limited to:

- (i) Global and domestic economic and political conditions and competition from other energy sources; and**
- (ii) The rate of growth and expansion in industries with high petroleum demand.**

There is no assurance that the international demand for petroleum and petroleum-related products will continue to grow, or that the international demand for petroleum and petroleum-related products will not experience excess supply.

Significant and continuous capital investment

The petroleum and gas business requires significant and continuous capital investment; the major petroleum exploration and exploitation projects may not be completed as planned, may exceed the Company's budgets and may not achieve the intended economic results or commercial viability. Actual capital expenditures for the new business may significantly exceed the Company's budgets because of various factors beyond the Company's control, which in turn may affect the Company's financial condition.

Policies and regulations

The new business is subject to extensive governmental regulations, policies and controls. There can be no assurance that the relevant government will not change such laws and regulations or impose additional or more stringent laws or regulations. Failure to comply with the relevant laws and regulations in the energy development and petroleum exploitation projects may adversely affect the Company.

Country risk

The Company is entering a new business in Argentina, in which the Company does not have any business presence. There can be a risk relating to the likelihood that changes in the business environment will occur that reduce the profitability of doing business in Argentina. The change of political and economic conditions in Argentina may also adversely affect the Company.

Risks and uncertainties associated with the findings of the Technical Report

As disclosed in the above section headed "Methodology adopted by the Technical Adviser" above, as the exploration on the Concessions is only in its early stage and no extensive test drilling has been conducted in the Concessions, there is only limited data available to the Technical Adviser in relation to the drilling work performed. Based on the PRMS, the potentially recoverable volumes located in the Concessions are classified as prospective resources. The range of unrisked resources as stated in the section headed "Methodology adopted by the Technical Adviser" above can be considered as a reasonable range of volumes to be obtained if exploration wells are successful in discovering productive hydrocarbons and development is pursued.

LISTING RULES IMPLICATION ON THE ACQUISITION

The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules. Accordingly, the Acquisition is conditional upon, among other things, the approval by the Shareholders at the SGM. As no Shareholder has any material interest in the Acquisition, no Shareholders are required to abstain from voting in the SGM in respect of the resolution to approve the Acquisition. The SGM will be convened to approve the Acquisition Agreements and the transactions contemplated thereunder (including but not limited to (i) the purchase of the Sale Interests; (ii) the issue and allotment of the Revised Consideration Shares to Vendor 1 and Vendor 2 and/or their respective Nominees; (iii) the issue of the Revised Convertible Notes to Vendor 1 and Vendor 2 and/or their respective Nominees; and (iv) the issue and allotment of the Revised Conversion Shares upon the exercise of the conversion rights under the Revised Convertible Notes) and the terms and conditions of the Contingent Consideration (including the payment in cash, in whole or in part, of the Contingent Consideration).

GENERAL

A circular containing, among other information, (i) further details of the Acquisition; (ii) financial information on the Group; (iii) financial information on the Target Group; (iv) valuation report prepared by BMI; (v) the Technical Report; and (vi) the notice convening the SGM will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 2:30 p.m. on 12 December 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 7 January 2009.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“acting in concert”	has the meanings ascribed to it in the Takeovers Code
“Acquisition”	the proposed acquisition of the Sale Interests by the Company from the Vendors on the terms and conditions of the Acquisition Agreements
“Acquisition Agreements”	the Framework Agreement and the Intended Contract (as supplemented by the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement, the Fifth Supplemental Agreement and the Sixth Supplemental Agreement from time to time)

“Argentina”	the Argentine Republic
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BGP”	Bureau of Geophysical Prospecting, a subsidiary of CNPC specialising in research and development of exploration oil and natural gas
“BMI”	BMI Appraisals Limited, an independent valuation firm
“Business Days”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong
“BVI”	British Virgin Islands
“CNPC”	China National Petroleum Corporation, a state-owned petroleum cooperation in the PRC
“Company”	New Times Group Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreements
“Concessions”	the Tartagal Concession and Morillo Concession
“Consortium”	JHP and Maxipetrol which have been granted the Concessions
“Contingent Announcement”	the announcement to be issued by the Company if the Company is required to pay the Contingent Consideration to the Vendors under the terms and conditions of the Fifth Supplemental Agreement and the Sixth Supplemental Agreement
“Contingent Consideration”	the contingent consideration of HK\$780,000,000 payable by the Company to the Vendors in accordance with the terms and conditions of the Fifth Supplemental Agreement and the Sixth Supplemental Agreement
“Director(s)”	the director(s) of the Company
“First Announcement”	the announcement of the Company dated 25 October 2007 in relating to the Framework Agreement
“Fifth Supplemental Agreement”	the fifth supplemental agreement dated 12 December 2008 supplementing to the Intended Contract and the Framework Agreement

“First Indicative Valuation”	the indicative valuation of US\$15 billion as indicative by BMI based on the findings of the PRC Report
“First Supplemental Agreement”	the first supplemental agreement dated 12 November 2007 supplementing to the Intended Contract and the Framework Agreement
“First Tranche Consideration Shares”	the 93,750,000 new Shares to be allotted and issued at the price of HK\$0.32 per Share to the Vendors or their respective Nominee(s) on Completion
“Fourth Supplemental Agreement”	the fourth supplemental agreement dated 28 November 2008 supplementing to the Intended Contract and the Framework Agreement
“Framework Agreement”	the conditional framework agreement entered into on 10 October 2007 among the Company, the Vendors and the Target in relation to, among others, the Acquisition
“High Luck”	High Luck Group Limited, a company incorporated in the BVI with limited liability
“Intended Contract”	the final and formal contract dated 31 October 2007 entered into among the Company, the Vendors and the Target, in relation to the Acquisition
“JHP”	JHP International Petroleum Engineering Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the deadline for the fulfillment of conditions precedent to the Acquisition
“Maxipetrol”	Maxipetrol – Petroleros de Occidente S.A., formerly known as Oxipetrol – Petroleros de Occidente S.A. (defined as “Oxipetrol” in the Previous Announcements)
“Morillo Concession”	the exploration and potential exploitation concessions granted by the Government of Argentina located in the province of Salta in northern Argentina covering a surface area of approximately 3,518 square kilometers

“Nominee(s)”	means respective person(s) (each being a person who is an independent third party to the Company and not a connected person to the Company within the meaning of the Listing Rules and who has given a written confirmation to the Company to that effect and to the effect that he is not a party acting in concert with (i) the Vendors; or (ii) any of the nominees of the Vendors; and in case such person is an corporation together with the written confirmation by its ultimate controlling owners to the same effects concerning such ultimate controlling owners) to be nominated by each of the Vendors, whether jointly or severally, to receive and be registered as holder of the Revised Promissory Notes and/or the Revised Consideration Shares and/or the Revised Convertible Notes
“Noteholder(s)”	holder(s) of the Revised Convertible Note(s)
“PRC”	the People’s Republic of China
“PRC Report”	a technical report prepared by CNPC and BGP dated August 2007 in relation to the estimate resource potential in the Concessions
“PRC Technical Adviser”	CNPC and BGP
“Payment Date”	the 90th day after the publication of the Contingent Announcement on the website of the Stock Exchange
“Previous Announcements”	the announcements of the Company dated 25 October 2007, 1 November 2007, 14 November 2007, 15 November 2007, 1 April 2008, 2 May 2008, 13 August 2008, 1 September 2008, 19 October 2008 and 1 December 2008 in relation to, among others, the Acquisition
“PRMS”	the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers
“Revised Consideration”	the revised consideration in the amount of HK\$2,100 million payable by the Company to the Vendors for the Acquisition
“Revised Consideration Shares”	the 281,250,000 Shares to be allotted and issued at the price of HK\$0.32 per Share, credited as fully paid, to the Vendors or their respective Nominee(s) on Completion

“Revised Conversion Shares”	the 5,726,250,000 new Shares to be issued by the Company upon full conversion by the Noteholder(s) of the conversion rights attaching to the Revised Convertible Notes at the conversion price of HK\$0.32 per Share
“Revised Convertible Note(s)”	the convertible note(s) in the principal amount of HK\$1,832,400,000 to be issued by the Company to the Vendors or their respective Nominee(s) on Completion
“Revised Promissory Notes”	the promissory notes in the principal amount of HK\$123,000,000 to be issued by the Company to the Vendors or their respective Nominee(s) on Completion
“Sale Interests”	2,700 shares of US\$1 each in, and representing the entire issued share capital of, the Target
“Sixth Supplemental Agreement”	the sixth supplemental agreement dated 6 January 2009 supplementing to the Intended Contract and the Framework Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened to approve the Acquisition Agreements and the transactions contemplated thereunder (including but not limited to (i) the purchase of the Sale Interests; (ii) the issue and allotment of the Revised Consideration Shares to Vendor 1 and Vendor 2 and/or their respective Nominees; (iii) the issue of the Revised Convertible Notes to Vendor 1 and Vendor 2 and/or their respective Nominees; and (iv) the issue and allotment of the Revised Conversion Shares upon the exercise of the conversion rights under the Revised Convertible Notes) and the terms and conditions of the Contingent Consideration (including the payment in cash, in whole or in part, of the Contingent Consideration)
“Second Supplemental Agreement”	the second supplemental agreement dated 20 March 2008 supplementing to the Intended Contract and Framework Agreement
“Second Tranche Consideration Shares”	the 93,750,000 new Shares to be allotted and issued on the date falling on three months after Completion at the price of HK\$0.32 per Share to the Vendors or their respective Nominee(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	collectively the Fifth Supplemental Agreement and the Sixth Supplemental Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target”	Jade Honest Limited, a company incorporated in the British Virgin Islands with limited liability on 9 March 2007, which holds 100% interests in High Luck
“Target Group”	the Target and its subsidiaries
“Tartagal Concession”	the exploration and potential exploitation concessions granted by the Government of Argentina located in the province of Salta in northern Argentina covering a surface area of approximately 7,065 square kilometres
“Technical Adviser” or “NSAI”	Netherland, Swell & Associates, Inc., a technical adviser with appropriate qualification appointed by the Company to perform technical review regarding the exploitation of resources of the Concessions
“Technical Report”	the technical report prepared by the Technical Adviser dated 11 September 2008
“Third Supplemental Agreement”	the third supplemental agreement dated 30 August 2008 supplementing to the Intended Contract and the Framework Agreement
“Third Tranche Consideration Shares”	the 93,750,000 new Shares to be allotted and issued on the date falling six months after Completion at the price of HK\$0.32 per Share to the Vendors or their respective Nominee(s)
“Valuation”	the valuation of the Concessions in the amount of US\$1.5 billion (approximately HK\$11.7 billion) as at 11 September 2008 by BMI based on the findings of the Technical Report
“Vendor 1”	Mr. Chan Koon Wa who owns 33.3% of Target and is a third party independent of the Company and its connected persons
“Vendor 2”	Mr. Wong Cheung Yiu who owns 66.7% of Target and is a third party independent of the Company and its connected persons

“Vendors”	Vendor 1 and Vendor 2
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

By order of the Board
New Times Group Holdings Limited
Cheng Kam Chiu, Stewart
Executive Director

Hong Kong, 6 January 2009

As at the date of this announcement, the Board comprises ten Directors, of which four are executive Directors, namely Mr. Tse On Kin, Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Chi Him and Mr. Li Guoping; three non-executive Directors, namely Mr. Pei Cheng Ming, Michael, Mr. Wong Man Kong, Peter, and Mr. Chan Chi Yuen; and three independent non-executive Directors, namely Mr. Fung Chi Kin, Mr. Fung Siu To, Clement and Mr. Chiu Wai On.