

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Distribution in Specie had been taken place on 30 June 2014; and (b) the results and cash flows of the Remaining Group for the year ended 31 December 2013 as if the Distribution in Specie had been taken place on 1 January 2013. This Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it does not purport to present the true picture of (i) the financial position of the Remaining Group as at 30 June 2014 or at any future date had the Distribution in Specie been taken place on 30 June 2014; or (ii) the results and cash flows of the Remaining Group for the year ended 31 December 2013 or for any future period had the Distribution in Specie been taken place on 1 January 2013.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2014, the audited consolidated income statement, audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2013, and the Unaudited Combined Financial Information of the Privateco Group as set out in Appendix II to this Circular, after giving effect to pro forma adjustments described in the notes and has been prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

APPENDIX III	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP
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Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	Unaudited consolidated statement of financial position of the Group as at 30 June 2014	HK\$'000	HK\$'000	Pro forma adjustments			Unaudited pro forma consolidated statement of financial position of the Remaining Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 1	Note 2	Note 3	Note 6(i)	Note 10	Note 11	HK\$'000
ASSETS							
Non-current assets							
Property, plant and equipment	1,846	(3)	—	—	—	—	1,843
Oil and gas properties	1,063,871	(1,063,871)	—	—	—	—	—
Mining properties	145,856	—	—	—	—	—	145,856
Available-for-sale financial assets	315	—	—	—	—	—	315
Club memberships	2,700	—	—	—	—	—	2,700
Deposits	1,061	—	—	—	—	—	1,061
	<u>1,215,649</u>	<u>(1,063,874)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>151,775</u>
Current assets							
Inventories	1,487	—	—	—	—	—	1,487
Trade receivables	118	—	—	—	—	—	118
Deposits, prepayments and other receivables	5,121	(64)	—	—	—	—	5,057
Amounts due from the Privateco Group	—	—	147,037	—	(100,493)	(46,544)	—
Financial asset at fair value through profit or loss	902	—	—	—	—	—	902
Cash and cash equivalents	10,020	(370)	—	—	—	—	9,650
	<u>17,648</u>	<u>(434)</u>	<u>147,037</u>	<u>—</u>	<u>(100,493)</u>	<u>(46,544)</u>	<u>17,214</u>
Total assets	<u><u>1,233,297</u></u>	<u><u>(1,064,308)</u></u>	<u><u>147,037</u></u>	<u><u>—</u></u>	<u><u>(100,493)</u></u>	<u><u>(46,544)</u></u>	<u><u>168,989</u></u>

APPENDIX III	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP
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	Unaudited consolidated statement of financial position of the Group as at 30 June 2014	HK\$'000	HK\$'000	Pro forma adjustments			Unaudited pro forma consolidated statement of financial position of the Remaining Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 1	Note 2	Note 3	Note 6(i)	Note 10	Note 11	
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the Company							
Share capital	8,734	—	—	—	—	—	8,734
Share premium and reserves	661,446	(463,557)	—	(720)	(100,493)	(46,544)	50,132
	670,180	(463,557)	—	(720)	(100,493)	(46,544)	58,866
Non-controlling interests	310,599	(216,311)	—	—	—	—	94,288
Total equity	980,779	(679,868)	—	(720)	(100,493)	(46,544)	153,154
LIABILITIES							
Non-current liabilities							
Deferred tax liabilities	227,333	(227,333)	—	—	—	—	—
Current liabilities							
Trade and other payables	25,185	(10,070)	—	720	—	—	15,835
Amount due to ultimate holding company	—	(89,906)	89,906	—	—	—	—
Amounts due to fellow subsidiaries	—	(57,131)	57,131	—	—	—	—
Subtotal	25,185	(157,107)	147,037	720	—	—	15,835
Total liabilities	252,518	(384,440)	147,037	720	—	—	15,835
Net assets	980,779	(679,868)	—	(720)	(100,493)	(46,544)	153,154

APPENDIX III	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP
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Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

	Audited consolidated income statement of the Group for the year ended 31 December 2013 <i>HK\$'000</i> <i>Note 1</i>	Pro forma adjustments			Unaudited pro forma consolidated income statement of the Remaining Group <i>HK\$'000</i>
		<i>HK\$'000</i> <i>Note 4</i>	<i>HK\$'000</i> <i>Note 5</i>	<i>HK\$'000</i> <i>Note 6(i)</i>	
Revenue	1,154	—	—	—	1,154
Cost of sales	(266)	—	—	—	(266)
Gross profit	888	—			888
Other losses, net	(2,008)	(487)	—	—	(2,495)
Other income	—	—	6,864	—	6,864
Selling and distribution costs	(613)	—	—	—	(613)
Administrative and operating expenses	(65,921)	8,647	(6,864)	(720)	(64,858)
Gain on disposal of subsidiaries	81,934	—	—	—	81,934
Finance income, net	440	1,067	—	—	1,507
Profit before income tax	14,720	9,227			23,227
Income tax	2,548	(2,548)	—	—	—
Profit for the year from continuing operations	17,268	6,679	—	(720)	23,227
Discontinued operations					
Loss for the year from discontinued operations	(21)				(21)
Profit for the year	<u>17,247</u>				<u>23,206</u>
Attributable to:					
Equity holders of the Company					
Continuing operations	20,744				24,809
Discontinued operations	(21)				(21)
	20,723				24,788
Non-controlling interests					
Continuing operations	(3,476)				(1,582)
	<u>17,247</u>				<u>23,206</u>

APPENDIX III	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP
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Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2013 <i>HK\$'000</i> <i>Note 1</i>	Pro forma adjustment			Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group <i>HK\$'000</i>
	<i>HK\$'000</i> <i>Note 1</i>	<i>HK\$'000</i> <i>Note 4</i>	<i>HK\$'000</i> <i>Note 5</i>	<i>HK\$'000</i> <i>Note 6(ii)</i>	<i>HK\$'000</i>
Profit for the year	17,247	6,679	—	(720)	23,206
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Fair value loss on available-for-sale investment	(955)	—	—	—	(955)
Translation reserve released upon disposal of subsidiaries	(509)	—	—	—	(509)
Exchange differences arising from translation of foreign operations	<u>(98,050)</u>	53,257	—	—	<u>(44,793)</u>
Total other comprehensive loss for the year, net of tax	<u><u>(99,514)</u></u>				<u><u>(46,257)</u></u>
Total comprehensive loss for the year	<u><u>(82,267)</u></u>				<u><u>(23,051)</u></u>
Attributable to					
Equity holders of the Company	(37,822)				3,683
Non-controlling interests	<u>(44,445)</u>				<u>(26,734)</u>
	<u><u>(82,267)</u></u>				<u><u>(23,051)</u></u>
Total comprehensive loss attributable to equity holders of the Company arises from:					
Continuing operation	(37,771)				3,734
Discontinued operation	<u>(51)</u>				<u>(51)</u>
	<u><u>(37,822)</u></u>				<u><u>3,683</u></u>

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2013 HK\$'000 Note 1	Pro forma adjustment HK\$'000 Note 7	Unaudited pro forma consolidated statement of cash flows of the Remaining Group HK\$'000
Cash flows from operating activities			
Profit before income tax expense for continuing operations	14,699	9,227	23,926
Adjustment for:			
Finance income	(440)	(1,067)	(1,507)
Depreciation of property, plant and equipment	753	(3)	750
Gain on disposal of property, plant and equipment	(47)	—	(47)
Share-based payment	7,523	—	7,523
Gain on disposal of subsidiaries	(81,934)	—	(81,934)
Fair value changes on financial asset at fair value through profit and loss	2,421	—	2,421
Impairment loss of available-for-sale investment	152	—	152
Written off of payables	<u>—</u>	487	<u>487</u>
Operating loss before working capital changes	(56,873)		(48,229)
Changes in working capital			
Increase in trade receivables	(194)	—	(194)
Increase in deposits, prepayments and other receivable	(1,457)	(8)	(1,465)
Decrease in trade and other payable	(6,987)	4,129	(2,858)
Increase in amounts due from Privateco Group	<u>—</u>	(8,248)	<u>(8,248)</u>
Net cash used in operating activities	<u>(65,511)</u>		<u>(60,994)</u>

APPENDIX III	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP
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	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2013 <i>HK\$'000</i> <i>Note 1</i>	Pro forma adjustment <i>HK\$'000</i> <i>Note 7</i>	Unaudited pro forma consolidated statement of cash flows of the Remaining Group <i>HK\$'000</i>
Cash flow from investing activities			
Addition to oil and gas properties	(552)	552	—
Addition to mining properties	(344)	—	(344)
Purchase of property, plant and equipment	(537)	—	(537)
Proceeds from disposal of property, plant and equipment	450	—	450
Proceeds from disposal of subsidiaries, net of professional expenses incurred on disposal and bank balances and cash returned	61,216	—	61,216
Bank interest received	<u>3</u>	(2)	<u>1</u>
Net cash generated from investing activities	<u>60,236</u>		<u>60,786</u>
Cash flow from financing activities			
Proceeds from issuance of ordinary share, net of issuance cost	11,625	—	11,625
Proceeds from exercise of share options	<u>2,788</u>	—	<u>2,788</u>
Net cash generated from financing activities	<u>14,413</u>		<u>14,413</u>
Net increase in cash and cash equivalents	9,138		14,205
Cash and cash equivalents at beginning of year	27,535	(5,931)	21,604
Effect of foreign exchange rate change	<u>820</u>	(520)	<u>300</u>
Cash and cash equivalents at end of year	<u><u>37,493</u></u>		<u><u>36,109</u></u>

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- Note 1* The amounts are extracted from (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2014 as set out in the published interim financial statements of the Company for the six months ended 30 June 2014; and (ii) the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2013 as set out in the published annual report of the Company for the year ended 31 December 2013.
- Note 2* The adjustment reflects the exclusion of the assets and liabilities of the Privateco Group as at 30 June 2014, which is extracted from the unaudited combined statement of financial position of the Privateco Group as at 30 June 2014, as set out in Appendix II to this Circular assuming the Distribution in Specie had been taken place on 30 June 2014. The adjustment in reserves amounted \$463,557,000 refers to the pro forma reduction in share premium in the reserves of the Company as a result of the distribution in Specie, in which the Company will distribute the Privateco shares with the carrying amount of HK\$463,557,000 as at 30 June 2014 to the shareholders of the Company.
- Note 3* The reclassification represents the amounts payable from the Privateco Group to the Remaining Group upon the completion of Distribution in Specie.
- Note 4* The adjustment reflects the exclusion of the income and expenses, and other comprehensive income of the Privateco Group for the year ended 31 December 2013, which is extracted from the unaudited combined income statement and unaudited combined statement of comprehensive income of the Privateco Group for the year ended 31 December 2013 as set out in Appendix II to the Circular, assuming the Distribution in Specie had been taken place on 1 January 2013.
- Note 5* The adjustment reflects the reinstatement of the intercompany transactions between the Privateco and the Remaining Group for the year ended 31 December 2013, which should not be eliminated after the completion of the Distribution in Specie. The intercompany transactions represents the consultancy fee paid by the Privateco Group to the Remaining Group.
- Note 6* (i) In the unaudited pro forma consolidated statement of financial position, the adjustment represents the legal and professional fee directly attributable to this transaction as if the Distribution in Specie had been completed on 30 June 2014.
- (ii) In the unaudited pro forma consolidated statement of comprehensive income, this adjustment represents the legal and professional fee directly attributable to this transaction as if the Distribution in Specie had been completed on 1 January 2013.
- Note 7* The adjustment reflects the exclusion of cash flows of the Privateco Group for the year ended 31 December 2013, which is extracted from the unaudited combined statement of cash flows of the Privateco Group for the year ended 31 December 2013 as set out in Appendix II to the Circular, assuming the Distribution in Specie had been taken place on 1 January 2013.
- Note 8* Apart from note 2, 6(i) above, no other adjustment has been made to reflect any trading results or other transaction of the Remaining Group entered into subsequent to 30 June 2014.
- Note 9* Apart from note 4, note 5 and note 6(ii), no other adjustment has been made to reflect any trading results on other transaction of the Remaining Group entered into subsequent to 1 January 2013.
- Note 10* The adjustment reflects the capitalisation of the amounts due from Aces Diamond and Chavis as a reduction in share premium of the Company.
- Note 11* Aces Diamond will exercise warrants to increase its equity interest in TWE such that the Privateco Group's total equity interest in TWE will increase from 71.61% to 77.91%. The amount due from TWE amounted to HK\$46,544,000 will be capitalised and a corresponding reduction would be reflected in the Company's share premium. This adjustment reflects such reduction in the share premium.