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NEW TIMES ENERGY CORPORATION LIMITED
新 時 代 能 源 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00166)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2019	Six months ended 30 June 2018
Revenue *(HK$'000)*	**203,776**	202,227
Loss before taxation *(HK$'000)*	**(639)**	(94,947)
Loss for the period *(HK$'000)*	**(10,303)**	(97,325)
Loss per share – Basic *(HK cent)*	**(0.12)**	(1.10)

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019.

* *For identification purpose only*

The board of directors (the "**Board**") of New Times Energy Corporation Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019, together with the comparative figures for the corresponding period in 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		(Unaudited) Six months ended 30 June	
		2019	2018 *(note)*
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**203,776**	202,227
Cost of sales		**(190,898)**	(194,228)
Gross profit		**12,878**	7,999
Other income	*5*	**22,263**	(21,949)
General and administrative expenses		**(29,465)**	(26,381)
Assets impairment losses	*6(c)*	**–**	(40,009)
Net investment income/(loss)	*6(d)*	**4,723**	(3,450)
Exploration expenses		**–**	(1,254)
Profit/(loss) from operations		**10,399**	(85,044)
Finance costs	*6(a)*	**(7,831)**	(7,786)
Share of losses of joint ventures		**(3,207)**	(2,117)
Loss before taxation	*6*	**(639)**	(94,947)
Income tax	*7*	**(9,664)**	(2,378)
Loss for the period		**(10,303)**	(97,325)

		(Unaudited)	
		Six months ended 30 June	
		2019	2018
			(note)
	Note	***HK$'000***	*HK$'000*
Attributable to:			
Owners of the Company		**(10,301)**	(97,323)
Non-controlling interests		**(2)**	(2)
Loss for the period		**(10,303)**	(97,325)
Loss per share	*9*		
Basic *(HK cent)*		**(0.12)**	(1.10)
Diluted *(HK cent)*		**(0.12)**	(1.10)

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	(Unaudited) Six months ended 30 June	
	2019	2018 *(note)*
	HK$'000	*HK$'000*
Loss for the period	**(10,303)**	(97,325)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Other investment in equity securities at fair value through other comprehensive income		
– net movement in fair value reserve (non-recycling)	**1,585**	(2,146)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas and the People's Republic of China ("**PRC**") subsidiaries	**118**	(42,531)
Other comprehensive income for the period	**1,703**	(44,677)
Total comprehensive income for the period	**(8,600)**	(142,002)
Attributable to:		
Owners of the Company	**(8,598)**	(142,000)
Non-controlling interests	**(2)**	(2)
Total comprehensive income for the period	**(8,600)**	(142,002)

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Note	(Unaudited) At 30 June 2019 HK$'000	(Audited) At 31 December 2018 (note) HK$'000
Non-current assets			
Exploration and evaluation assets	*10*	**2,356,896**	2,337,497
Property, plant and equipment	*3*	**36,405**	32,811
Interest in joint ventures		**9,656**	12,827
Other investment in equity securities		**20,279**	18,694
Prepayments, deposits and other receivables	*11*	**14,029**	15,462
Total non-current assets		**2,437,265**	2,417,291
Current assets			
Inventories		**23,752**	21,032
Trade and other receivables	*11*	**25,993**	32,756
Promissory note receivable	*12*	**–**	–
Current tax recoverable		**58**	66
Other financial assets	*13*	**139,520**	80,468
Cash and cash equivalents		**849,791**	928,476
Total current assets		**1,039,114**	1,062,798
Current liabilities			
Trade and other payables	*14*	**78,777**	93,057
Other borrowings	*15*	**56,752**	56,792
Lease liabilities	*3*	**1,943**	–
Provisions		**5,964**	5,131
Total current liabilities		**143,436**	154,980
Net current assets		**895,678**	907,818
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,332,943**	3,325,109

	Note	(Unaudited) At 30 June 2019 HK$'000	(Audited) At 31 December 2018 *(note)* HK$'000
Non-current liabilities			
Other borrowings	*15*	**154,000**	154,000
Deferred tax liabilities		**40,536**	31,436
Provisions		**10,104**	9,697
Total non-current liabilities		**204,640**	195,133
NET ASSETS		**3,128,303**	3,129,976
CAPITAL AND RESERVES			
Share capital	*16*	**87,589**	87,589
Reserves		**3,040,509**	3,042,180
Total equity attributable to owners of the Company		**3,128,098**	3,129,769
Non-controlling interests		**205**	207
TOTAL EQUITY		**3,128,303**	3,129,976

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is a limited liability company incorporated in Bermuda and its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 1402, 14/F., New World Tower I, 16-18 Queen's Road Central, Hong Kong respectively. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of the condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The financial information relating to the financial year ended 31 December 2018 that is included in the condensed consolidated interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2. ADOPTION OF HYPERINFLATION ACCOUNTING IN ARGENTINA

In May 2018, the Argentine peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina to exceed 100%, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by HKAS 29, *Financial Reporting in Hyperinflationary Economies*, effectively adopted for the reporting periods ended after 30 June 2018.

Under HKAS 29, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index, and monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into Hong Kong dollar at the period closing exchange rate.

Consequently, the Group has applied hyperinflation accounting for its Argentine subsidiaries in these condensed consolidated interim financial statements applying the HKAS 29 rules as follows:

– Non-monetary assets and liabilities stated at historical cost (e.g. exploration and evaluation assets, property plant and equipment, and etc.) and equity of the Argentine subsidiaries were restated using an inflation index. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2018 were reported in the opening accumulated losses at 1 January 2019 and the impacts of changes in the general purchasing power from 1 January 2019 are reported through the consolidated statement of profit or loss on "Hyperinflation monetary adjustments" for gain or loss on net monetary position in other income *(see note 5)*;

– The consolidated statement of profit or loss is adjusted at the end of each reporting period using the change in the general price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies);

– To measure the impact of inflation on the Group's financial position and results, the Group has elected to use the Wholesale Price Index (Indice de Precios Mayoristas) for periods up to 31 December 2016, and the Retail Price Index (Indice de Precios al Consumidor) thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences;

– In accordance with HKAS 21, *The Effects of Changes in Foreign Exchange Rates*, when amounts are translated into the currency of non-hyperinflationary economy, the comparative amounts are not adjusted for subsequent changes in the price level or exchange rates. Therefore, the comparative amounts of Argentine operations in these condensed consolidated interim financial statements were not restated.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these condensed consolidated interim financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to its offices as disclosed in note 18(b).

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rate at 1 January 2019. The weighted average of the incremental borrowing rate used for determination of the present value of the remaining lease payments was 5.125%.

On transition to HKFRS 16, the Group recognised right-of-use assets of HK$2,827,000 and lease liabilities of HK$2,909,000. Such right-of-use assets are presented within property, plant and equipment. The difference between the right-of-use assets and lease liabilities of HK$82,000 is recognised as an adjustment to the opening balance of equity at 1 January 2019.

4. REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

Details of the Group's reportable segments are as follows:

Upstream: This segment is engaged in the exploration, development, production and sale of crude oil. Currently the Group's activities in this regard are carried out in Argentina.

Commodities trading: This segment includes trading of non-ferrous metals and other products.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of oil products under oil exploration and production	**18,802**	22,609
– Sales of non-ferrous metals under commodities trading	**184,974**	179,618
	203,776	202,227
Disaggregated by geographical location of customers		
– Singapore	**184,974**	179,618
– Argentina	**18,802**	22,609
	203,776	202,227

Disaggregation of revenue from contracts with customers is disclosed in note 4(b).

(b) Information about profit or loss, assets and liabilities

Disaggregation of revenue from contracts with customers, as well as information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Upstream-Argentina		Commodities trading		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the six months ended 30 June						
Reportable segment revenue *(note)*	**18,802**	22,609	**184,974**	179,618	**203,776**	202,227
Reportable segment (loss)/profit	**(12,234)**	(39,631)	**70**	197	**(12,164)**	(39,434)
Depreciation and amortisation	**2,596**	4,801	**–**	–	**2,596**	4,801
Interest income	**–**	1	**–**	–	**–**	1
Exploration expenses	**–**	1,254	**–**	–	**–**	1,254
At 30 June 2019 and 31 December 2018						
Reportable segment assets	**2,455,787**	2,455,299	**–**	–	**2,455,787**	2,455,299
Reportable segment liabilities	**(36,270)**	(53,559)	**(314)**	(601)	**(36,584)**	(54,160)

Segment (loss)/profit represents the (loss)/profit resulted by each segment without allocation of assets impairment losses, hyperinflation monetary adjustments, share of losses of joint ventures, unallocated interest income and expense and other net expense in corporate head office. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment.

Note: Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both the current and prior periods. All of the Group's revenue is recognised at a point in time.

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2019	2018
		(note)
	HK$'000	*HK$'000*
Reportable segment loss	**(12,164)**	(39,434)
Unallocated interest expense	**(7,831)**	(7,786)
Unallocated interest income	**7,497**	9,481
Hyperinflation monetary adjustments	**23,515**	–
Other net expenses in corporate head office	**(13,172)**	(11,632)
Share of losses of joint ventures	**(3,207)**	(2,117)
Net investment income/(loss)	**4,723**	(3,450)
Assets impairment losses	**–**	(40,009)
Consolidated loss before taxation	**(639)**	(94,947)

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

5. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**7,497**	5,562
Interest income on promissory note receivable	**–**	3,920
Total interest income on financial assets not at fair value through profit or loss	**7,497**	9,482
Net foreign exchange loss	**(9,555)**	(34,553)
Drilling service income	**786**	–
Hyperinflation monetary adjustments *(note 2)*	**23,515**	–
Others	**20**	3,122
	22,263	(21,949)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on other borrowings	**7,772**	7,786
Interest on lease liabilities	**59**	–
	7,831	7,786

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
(b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**10,668**	9,573
Contributions to defined contribution retirement plan	**971**	2,599
	11,639	12,172

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
(c) Assets impairment losses		
Promissory note receivable *(see note 12)*	**–**	38,846
Trade and other receivables	**–**	1,163
	–	40,009

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
(d) Net investment (income)/loss		
Listed equity securities at fair value	**(4,292)**	3,560
Unlisted investment funds at fair value	**–**	2,016
Unlisted equity-linked securities	**(181)**	(2,126)
Listed debt securities at fair value	**(250)**	–
	(4,723)	3,450

	Six months ended 30 June	
	2019	2018
		(note)
	HK$'000	*HK$'000*
(e) Other items		
Amortisation and depreciation		
– owned property, plant and equipment	**2,623**	3,685
– right-of-use assets	**1,060**	–
– intangible assets	**–**	1,202
Exploration expenses	**–**	1,254
Cost of inventories	**190,898**	194,228

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

7. INCOME TAX

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**–**	–
Current tax – Overseas		
Provision for the period	**24**	–
Deferred taxation		
Origination and reversal of temporary differences	**9,640**	2,378
	9,664	2,378

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("**BVI**"), the Company and its subsidiaries incorporated in Bermuda and BVI are not subject to any income tax in these respective jurisdictions during both the current and prior periods.

Hong Kong profits tax is calculated at the rate of 16.5% on the estimated assessable profit for both periods.

No Hong Kong profits tax has been provided for in the condensed consolidated interim financial statements as the Company and its subsidiaries incorporated or operated in Hong Kong did not have any assessable profits arising in Hong Kong during both the current and prior periods.

Subsidiaries of the Group in PRC are subject to PRC enterprise income tax at 25% (2018: 25%).

Subsidiaries of the Group in Argentina are subject to Argentina corporate income tax ("**CIT**") at 30% (2018: 30%) and minimum presumed income tax ("**MPIT**"). MPIT is supplementary to CIT and is chargeable at the applicable tax rate of 1% on the tax basis of certain assets. The tax liabilities of subsidiaries of the Group in Argentina are the higher of either CIT or MPIT.

Taxation for other overseas subsidiaries of the Group is charged at the appropriate current rates of taxation ruling in the relevant countries and regions.

8. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$10,301,000 (six months ended 30 June 2018: HK$97,323,000) and the weighted average of 8,758,881,000 ordinary shares (six months ended 30 June 2018: 8,865,483,000 ordinary shares) in issue during the interim period.

(b) Diluted loss per share

For the six months ended 30 June 2019 and 2018, basic and diluted loss per share was the same as there were no potential ordinary shares in issue during the period.

10. EXPLORATION AND EVALUATION ASSETS

	Exploration rights *HK$'000*	Exploratory drilling *HK$'000*	Geological studies *HK$'000*	Others *HK$'000*	Total *HK$'000*
Cost					
At 1 January 2018	3,229,171	92,864	96,194	33,991	3,452,220
Additions	893	37,512	–	–	38,405
Write-off	–	(371)	–	–	(371)
Hyperinflation adjustments *(note 2)*	(351)	(3,667)	91,730	–	87,712
At 31 December 2018	3,229,713	126,338	187,924	33,991	3,577,966
At 1 January 2019	**3,229,713**	**126,338**	**187,924**	**33,991**	**3,577,966**
Additions	**–**	**2,303**	**–**	**–**	**2,303**
Hyperinflation adjustments *(note 2)*	**645**	**16,451**	**13,133**	**–**	**30,229**
At 30 June 2019	**3,230,358**	**145,092**	**201,057**	**33,991**	**3,610,498**
Accumulated impairment					
At 1 January 2018	1,013,545	5,009	96,194	33,991	1,148,739
Hyperinflation adjustments *(note 2)*	–	–	91,730	–	91,730
At 31 December 2018	1,013,545	5,009	187,924	33,991	1,240,469
At 1 January 2019	**1,013,545**	**5,009**	**187,924**	**33,991**	**1,240,469**
Hyperinflation adjustments *(note 2)*	**–**	**–**	**13,133**	**–**	**13,133**
At 30 June 2019	**1,013,545**	**5,009**	**201,057**	**33,991**	**1,253,602**
Net book value					
At 30 June 2019	**2,216,813**	**140,083**	**–**	**–**	**2,356,896**
At 31 December 2018	2,216,168	121,329	–	–	2,337,497

(a) As at 30 June 2019, the Group holds 69.25% interest in the Tartagal concession and Morillo concession (collectively the "**T&M Concessions**") which are the concessions in the province of Salta in northern Argentina, through an Union of Temporary Enterprise ("**T&M UTE**"). Exploration permits were granted for oil and developments of hydrocarbons in the T&M Concessions for an initial period of four years starting from 29 December 2006 and additional extensions up to an aggregate of nine years may be obtained. The Group submitted applications to the Secretary of Energy of Province of Salta, Argentina ("**Salta SOE**") for extensions of the exploration permits and obtained the approvals in July 2010, July 2011, December 2013, March 2016 and March 2018 respectively. Pursuant to the approval document issued in March 2018, the exploration permits were extended to 13 September 2019. If successful hydrocarbon discoveries are made, the exploration permits can be converted to exploitation permits for a term of 25 years with a possible extension of 10 years.

The Group has initiated the application process with Salta SOE for further extension of the current exploration permits. At the date of issuance of the interim financial information, the application is still in progress.

In this connection, the Group has obtained legal advice from an independent Argentinian legal counsel that it is likely that the extension would be granted when required, subject to the fulfilling of any extra requirement demanded by the relevant government authorities. However, with the Argentinian general elections taking place between October and November 2019, the Group anticipates possible delays in receiving the formal approval and decree granting the extension. Based on the independent legal advice and past experiences that approvals of extension eventually obtained from Salta SOE with a period of delay after the exploration permits expired, the directors of the Company are of the view that despite the absence of the extension at the date of issuance of the interim financial information, the aforesaid extension can be obtained from the relevant government authorities within a reasonable period and that the exploration permits can be converted to exploitation permits in due course, subject to successful hydrocarbon discoveries in the T&M Concessions. These condensed consolidated interim financial statements have been prepared based on this view.

(b) As at 30 June 2019, on the basis that the extension of the exploration permits in the T&M Concessions could be obtained, the management of the Group had determined that there was no indicator of impairment or reversal of impairment for the exploration and evaluation assets. As a result, no impairment loss of exploration and evaluation assets has been recognised or reversed. However, there is uncertainty as to the grant of the aforementioned extension by the relevant government authorities. Depending on the future development of the application process, the Group may reconsider the recoverable amount of the exploration and evaluation assets in respect of the T&M UTE and may or may not need to recognise further impairment loss accordingly. Subsequent to 30 June 2019, the Argentine Pesos ("**ARS**") devalued by 41.3%, to ARS60 per United States dollar on 12 August 2019, following the result of the Argentinian primary election. As a consequence of the currency devaluation, the Argentinian government announced a price freeze for diesel, gasoline and crude oil related products for an initial 90 day period. The directors of the Company consider that any possible changes in one or more of the key assumptions used to determine the recoverable amount of the exploration and evaluation assets due to the abovementioned events would cause the carrying amount of the exploration and evaluation assets exceed the recoverable amount. However, these condensed consolidated interim financial statements have not been adjusted for these non-adjusting events which are a result of conditions that arose after the reporting date according to HKAS 10, *Events after the Reporting Period*.

11. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2019 *HK$'000*	At 31 December 2018 *HK$'000*
31-60 days	**–**	3,184
61-90 days	**254**	–
Over 90 days	**5,846**	–
Trade receivables, net of loss allowance *(note (a))*	**6,100**	3,184
Other debtors	**6,924**	15,471
Amount due from joint ventures	**349**	314
Financial assets measured at amortised cost	**13,373**	18,969
VAT recoverable	**14,029**	15,462
Other tax recoverable	**5,539**	6,165
Other prepayment and deposits	**7,081**	7,622
	40,022	48,218
Reconciliation to the consolidated statement of financial position:		
Non-current	**14,029**	15,462
Current *(note (b))*	**25,993**	32,756
	40,022	48,218

Notes:

(a) Trade receivables are due within 30 days (2018: 30 days) from the date of billing.

(b) All of the current trade and other receivables are expected to be recovered or recognised as expense within one year.

12. PROMISSORY NOTE RECEIVABLE

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
Promissory note receivable	**46,606**	46,606
Less: impairment loss	**(46,606)**	(46,606)
	–	–

The promissory note was issued by Foothills Exploration Operating, Inc. ("**Foothills**") and guaranteed by Foothills Exploration, Inc. ("**Foothills Exploration**"), the indirect holding company of Foothills, as part of the consideration of the disposal of the Group's subsidiaries in the United States of America (the "**US**"), and was bearing no interest and repayable on 30 June 2018. The promissory note carried effective interest rate of 19.18% per annum.

On the maturity date of the promissory note, the Group did not receive any repayment in respect of the outstanding promissory note and the said event constituted a default in repayment by Foothills. The Group is in negotiation with Foothills for the repayment of the past due promissory note. Foothills' principal activities are the acquisition and development of oil and gas properties in the US. In view of the adverse financial and operating circumstances of Foothills Exploration and its subsidiaries and the default, the Group provided for impairment loss provision of approximately HK$46,606,000 on the past due balance of promissory note receivable as at 30 June 2019 and 31 December 2018.

13. OTHER FINANCIAL ASSETS

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
Listed equity securities at fair value *(note (a))*	**84,760**	80,468
Listed debt securities at fair value *(note (b))*	**30,802**	–
Unlisted equity-linked securities *(note (c))*	**23,958**	–
	139,520	80,468

Notes:

(a) The listed equity securities at fair value represent shares of Beijing Gas Blue Sky Holdings Limited listed on the Stock Exchange. During the six months ended 30 June 2019, the net investment income of listed equity securities amounting to approximately HK$4,292,000 (six months ended 30 June 2018: net investment loss of HK$3,560,000) has been recognised to profit or loss.

(b) The listed debt securities at fair value represent the senior notes listed on the Singapore Exchange Securities Trading Limited and the Stock Exchange, which were acquired by the Group during the six months ended 30 June 2019. Net investment income of approximately HK$250,000 (six months ended 30 June 2018: nil) has been recognised to profit or loss during the six months ended 30 June 2019.

(c) The unlisted equity-linked securities represent securities which contained embedded derivatives, the return of which were determined with reference to the closing price of certain equity securities listed on the Stock Exchange. The unlisted equity-linked securities were designated as fair value through profit or loss at initial recognition, and the net investment income of approximately HK$181,000 has been recognised in profit or loss during the six months ended 30 June 2019 (six months ended 30 June 2018: HK$2,126,000).

14. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
0-30 days	**5,480**	21,940
31-60 days	**805**	4,231
61-90 days	**80**	399
Over 90 days	**285**	974
Trade payables	**6,650**	27,544
Other creditors and accrued charges	**72,103**	65,492
Financial liabilities measured at amortised cost	**78,753**	93,036
Receipt in advance	**24**	21
	78,777	93,057

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

15. OTHER BORROWINGS

	At 30 June 2019 *HK$'000*	At 31 December 2018 *HK$'000*
Term loans due for repayment within 1 year	**56,752**	56,792
Term loans due for repayment after 1 year:		
After 1 year but within 2 years	**116,000**	10,000
After 2 years but within 5 years	**38,000**	144,000
	154,000	154,000
	210,752	210,792
Reconciliation to the consolidated statement of financial position:		
Current liabilities	**56,752**	56,792
Non-current liabilities	**154,000**	154,000
	210,752	210,792

16. SHARE CAPITAL

Authorised and issued share capital

	2019		2018	
	No. of shares		No. of shares	
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**200,000,000**	**2,000,000**	200,000,000	2,000,000
Ordinary shares, issued and fully paid:				
At 1 January				
Ordinary shares of HK$0.01 each	**8,758,881**	**87,589**	8,865,483	88,655
Purchase of own shares	**–**	**–**	(106,602)	(1,066)
At 30 June 2019/31 December 2018				
Ordinary shares of HK$0.01 each	**8,758,881**	**87,589**	8,758,881	87,589

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

17. MATERIAL RELATED PARTY TRANSACTIONS

The Group has a related party relationship with the following parties:

Name of party	Relationship
New World Tower Company Limited	The company is an associate of Chow Tai Fook (Holding) Limited, an intermediate parent of the Company.
CiF Solutions Limited	The company is an associate of Chow Tai Fook (Holding) Limited, an intermediate parent of the Company.

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and senior management, is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Short-term employee benefits	**4,646**	5,230
Post-employment benefits	**18**	29
	4,664	5,259

(b) Related party transactions

Related parties	Nature of transactions	Six months ended 30 June	
		2019	2018
		HK$'000	*HK$'000*
(i) New World Tower Company Limited	Rent and management fee	**1,151**	1,146
(ii) CiF Solutions Limited	IT management and support	**62**	60

18. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2019 not provided for in the condensed consolidated interim financial statements

	At 30 June 2019	At 31 December 2018
	HK$'000	*HK$'000*
Authorised but not contracted for	**138,563**	138,905

(b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	HK$'000
Within 1 year	2,361
After 1 year but within 5 years	758
	3,119

The Group is the lessee in respect of its offices held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 3). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 3.

19. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL REVIEW

During the six month period to 30 June 2019, the Group's main activities remain unchanged as oil & gas exploration and production in Argentina as well as commodities trading. The Group is working towards the anticipated commissioning of the permanent production facilities at the Chirete Concession by September 2019. The final profit margin of the new oil discovery in December 2018 hinges on the outcome of the Group's negotiations with local refineries for the sale price of its crude oil production, which presently is less than 70% of the Brent benchmark price.

The Group is actively working on alternatives for marketing its oil production in order to enhance its profitability. However, we are facing downward price pressure following the recent intervention by the Argentina government to freeze diesel, gasoline and crude oil related product prices for an initial 90 day period, as a response to the continued devaluation of the Argentine Pesos ("**ARS**") and its hyperinflation rate spiralling from 47.6% in 2018 to 55.0% to date in 2019, the highest on record since 1991.

Argentina will be having its general election towards the end of 2019. Other than the usual delays as experienced in previous extension requests from the Salta provincial regulatory authorities, the politics of the upcoming major election in Argentina could further complicate and delay the Group's latest application for the extension of its exploration permit in the Tartagal Oriental and Morillo Concessions (the "**T&M Concessions**"), which expires on 13 September 2019. Though there is an expectation of possible delay, the Group is nevertheless of the view that the extension will more likely (than unlikely) be granted, having obtained independent legal advice. This may however be subject to the fulfilling of any extra requirement demanded by the authority.

Faced with the prospect of an increasingly challenging business environment in Argentina, the Group continues to actively seek complementary investment opportunities in the energy sector elsewhere in the world.

OIL & GAS EXPLORATION AND PRODUCTION IN ARGENTINA

Chirete Concession

The Chirete Concession covers a surface area of approximately 897 km^2 in the Province of Salta in Northern Argentina. The Chirete Concession is an oil concession in which the Group has farmed into a 50% participating interest, with Pampa Energia S.A. ("**Pampa**") being the owner of the other 50%. The Group is responsible for the day to day operational activities of the concession.

HLG.St.LB.x-2001 exploration well

Following the oil discovery at the Group's exploration well HLG.St.LB.x-2001 on 29 November 2018, an extended test program was conducted during the first quarter of 2019.

Based on the data gathered from the extended test program, HLG.St.LB.x-2001 was found to contain light crude oil with an estimated API index of 37 with virtually zero water content, and free of contaminants. Crude oil flow rates under different choke size test conditions ranged from an average of 533 barrels of oil per day ("**bopd**") for a 4mm choke, to an average of 2,295 bopd for a 10mm choke. A total of approximately 82,000 barrels of crude oil was produced during the three month extended test program to 18 March 2019.

Both the Group and Pampa were in consensus that HLG.St.LB.x-2001 was a commercial oil discovery, and construction of Phase 1 of the permanent production facilities began in June 2019. The facility is due for completion and operation commissioning by September 2019, with a production capacity to handle approximately 2,000 bopd, whilst initial commercial production output from HLG.St.LB.x-2001 is anticipated to be in the range of 900 bopd to 1,200 bopd.

Whilst the Chirete Concession will imminently be producing crude oil, its 2P Reserves quantity presently cannot be ascertained, until additional well tests are conducted, prior to the operation commissioning of the facilities in September 2019.

During the period to June 2019, there were on-going negotiations between Pampa and the Group as to how the Union of Temporary Enterprise (the "**UTE**") should be managed. The Group is working hard to resolve these differences while the permanent production facilities are being constructed. The Group is of the opinion that the interference of Pampa has already created an adverse effect and delay to the revenue of the UTE.

Exploitation and production permit

With the exploration permit in the Chirete Concession due to expire on 18 November 2019, the application for the exploitation and production permit has already been submitted by the Group to the regulatory authorities of Salta province. The Group is presently awaiting receipt of the exploitation and production permit which, if issued, will formally grant the Group and Pampa, the right to produce hydrocarbon for the next 20 to 25 years in the concession. The Group expects the exploitation permit to be granted late as it is not unusual in Argentina for permits to be issued 6 to 8 months after the expiration dates.

Tartagal Oriental and Morillo Concessions

The T&M Concessions, comprising the Tartagal Oriental block and the Morillo block, is located in the Province of Salta in Northern Argentina. The Group holds a 69.25% participating interest in the concessions and is the operator. The concessions cover a total surface area of 10,583 km^2 and estimated to contain net prospective resources for the Group of 130.0 million barrels of oil equivalent.

Morillo Deep exploration well

During the six month to June 2019, the Group continued preparations for its next planned exploratory drill at Morillo Deep, located approximately 17km from the Group's recent oil discovery at HLG.St.LB.x-2001. It is the intention of the Group to use its own rig for the Morillo Deep exploratory drill, following the successful deployment in the Group's previous two drilling campaigns.

Due to the negotiations for access rights with certain Morillo Deep landowners and indigenous communities taking longer than expected to resolve, the Group's environmental impact assessment and topography studies for the proposed road and location constructions were delayed.

Given that the Group will imminently face the historically time consuming challenges of obtaining permits from the regulatory authorities, the unpredictable rainy season, and possible labour union issues, as encountered in the planning and preparation of the Group's previous three exploratory drills, the original target spud date of Q2 2020 for Morillo Deep exploratory drill will likely be delayed.

Exploration permit extension

The Group's exploration permit in the T&M Concessions is due to expire on 13 September 2019.

On 17 May 2019, the Group submitted its application for a 1 year extension of its current exploration permit on the recommendation by the Salta provincial regulatory authorities. The application is presently going through the normal review and approval process of the technical, accounting and legal departments of the regulatory authorities, prior to ratification by the Secretary of Energy of the Province of Salta.

Faced with the realistic prospect of the current exploration permit expiring before the extension request is processed and approved, the Group has sought legal advice from an independent Argentinian legal counsel on this matter.

Based on the legal advice obtained, the Group understands that it is more likely (than unlikely) that an extension when required would be granted, subject to the fulfilling of any extra requirement demanded by the authority. With the Argentinian general election taking place between October and November 2019, and based on its past experiences of delayed approvals of extension requests by the regulatory authorities of Salta province, the Group anticipates possible further delays in receiving the formal approval and decree granting any extensions.

While the Group has obtained the abovementioned independent legal advice, the Group also appreciates that there can be no absolute assurance or certainty that the extension request will be granted and granted on time. However, the Group does concur with the legal advice, and despite the absence of the extension at the date of the issuance of the interim financial report, the Group is of the view that an extension is more than likely to be granted, subject to the fulfilling of any extra requirement demanded by the authority, upon or after the expiry date of the current exploration permit in the T&M Concessions.

In the meantime, the Group continues to comply with all the requirements of the current extension decree by maintaining its performance bond insurance for the remaining commitment of 3,547 work units, and its continued planning and preparation efforts for the Morillo Deep exploratory drill.

Palmar Largo Concessions (the "PL Concessions")

The Group ceased production operations in the PL Concessions on 30 November 2018, following the relinquishment of the Palmar Largo block in the Province of Formosa.

Due to the Group receiving only 9 days' notice from the Formosa regulatory authorities to vacate the Palmar Largo block, the Group had been unable to withdraw all movable, non-essential to production assets, inventory, and unsold oil stock legally belonging to the UTE in the limited available time.

The Group continues to seek an immediate resolution from the new owner and operator of the PL Concessions, as well as the Formosa authorities for the immediate and unfettered access to the site, so that the Group can physically recover the UTE's properties. Given the amount of time already elapsed, the Group and UTE may have little option other than to take legal action in order to recover the UTE's properties illegally seized by the new operator.

Oil Price

With the resumption of oil production at Chirete Concession expected in September 2019, following a temporary shut-in of the oil producing HLG.St.LB.x-2001 well, for the construction of Phase 1 of the permanent production facilities, the Group is analysing alternative customer options beyond Refinor, the only major oil refinery in the Northern Argentina region. This is in an attempt for the Group to secure a fairer price more aligned with the domestic market price for its crude oil.

Meanwhile, the Group continues working with its legal advisors with a view to possible legal proceedings against Refinor for retrospective compensation of historical shortfall in revenues as a result of it paying below market value oil prices for the Group's previous oil sales from both the Chirete Concession and, in particular, the PL Concessions.

The Group is actively working on alternatives, other than selling crude oil solely to Refinor. If successful, it would significantly increase the profit margin of producing crude oil at the Chirete Concession.

Devaluation of the Argentine Pesos and Hyperinflation

During the six month period to 30 June 2019, the Argentine Pesos continued to devalue rapidly from ARS35.12 per US Dollar ("**USD**") at the beginning of the year, to ARS42.47 per USD by 30 June 2019. This equated to a 20.9% decline.

The Argentine Pesos devalued by another 41.3% from 30 June 2019, to ARS60 per USD on 12 August 2019, following the result of the country's primary election, where the incumbent president, President Mauricio Macri lost by a 15 point margin to Mr. Alberto Fernandez of the opposition centre-left party. The primary elections were a precursor to Argentina's general election to be held later in the year, during the months of October and November 2019.

In respect of the general economy of Argentina, the country continued to be blighted by hyperinflationary pressures. Further to the annual inflation of 47.6% experienced in 2018, the highest on record since 1991, Argentina in 2019 to date, experienced a further 55.0% inflation.

As a consequence of the currency devaluation and the spiralling hyperinflation gripping Argentina, the government recently intervened by the introduction of a price freeze for diesel, gasoline and crude oil related products for an initial 90 day period, which will be detrimental to the Group's revenue and operating margins.

The Group's treasury policy in Argentina is to hold USD whenever possible. Therefore, despite the hyperinflationary pressure on the Group's Argentine Pesos denominated operating costs, its impact is hedged in part by virtue of the neutralising/cancelling effect of the devaluation of the Argentine Pesos, and in part by the sale of oil being invoiced in USD.

The Group continues to actively monitor its foreign exchange exposures on an on-going basis and will consider hedging instruments should the need arise.

COMMODITIES TRADING

During the six month period to June 2019, the Group continued to successfully engage and close out a number of commodities trades involving non-ferrous metals, since its re-entry into this business in August 2017.

In line with the Group's broad objective to diversify its revenue base and source of profit generation, further commodities trades are anticipated for the remainder of the 2019 year.

FUTURE PROSPECTS AND DEVELOPMENTS

The objective of the Group is to maximise profitability and increase cash flows for the purpose of funding its exploration and development activities, whilst at the same time ensuring its obligations for health, safety and the environment are uncompromised.

With the Argentine general election taking place between October and November 2019, and President Mauricio Macri unexpectedly losing in the initial primary elections, the Group is closely monitoring the political environment in order to assess possible future economic direction of the country. In the meantime, the Group's oil & gas investment plans in Argentina have been delayed, in part due to these political and economic uncertainties, as well as the bureaucracy and politics of provincial regulatory authorities.

Thankfully, the Group continues to maintain a healthy cash position to enable it to see out these difficult trading conditions in Argentina, whilst it concurrently continues to actively seek out value adding and complementary investment opportunities in the energy sector, wherever that may be in the world.

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 June 2019 was approximately HK$203.78 million, which represents an increase of approximately 0.77% as compared to approximately HK$202.23 million for the corresponding period in 2018. The revenue derived from commodities trading for the six months ended 30 June 2019 was approximately HK$184.97 million. This represents an increase of approximately 2.98% as compared to the HK$179.62 million revenue generated for the corresponding period in 2018. Additionally, revenue derived from the sale of oil products under the Group's oil exploration and production business for the six months ended 30 June 2019 was approximately HK$18.80 million. This represents a decrease of approximately 16.85% as compared to the HK$22.61 million revenue generated for the corresponding period in 2018. The Group reported a gross profit of approximately HK$12.88 million (2018: HK$8.00 million). The increase in gross profit was mainly contributed by the Group's oil exploration and production business.

General and administrative expenses of the Group for the six months ended 30 June 2019 was approximately HK$29.47 million, which represents an increase of approximately 11.71% as compared to approximately HK$26.38 million for the corresponding period in 2018.

For the six months ended 30 June 2018, the Group recognised an impairment loss on promissory note receivable, and trade and other receivables of approximately HK$38.85 million and approximately HK$1.16 million respectively; whilst there were no such impairment losses recognised for the six months ended 30 June 2019.

The Group recognised a net investment income in respect of financial instruments of approximately HK$4.72 million; whilst it was a net investment loss of approximately HK$3.45 million for the corresponding period in 2018.

For the six months ended 30 June 2018, the Group recognised exploration expenses in relation to a dry hole of approximately HK$1.25 million; whilst there were no such expenses incurred for the six months ended 30 June 2019.

Finance costs of the Group for the six months ended 30 June 2019 was approximately HK$7.83 million, which represents an increase of approximately 0.51% as compared to approximately HK$7.79 million for the corresponding period in 2018.

Share of losses of joint ventures of the Group for the six months ended 30 June 2019 were approximately HK$3.21 million, which represents an increase of approximately 51.42% as compared to approximately HK$2.12 million for the corresponding period in 2018.

Income tax charge of the Group for the six months ended 30 June 2019 was approximately HK$9.66 million (2018: HK$2.38 million).

For the six months ended 30 June 2019, the Group recorded a loss for the period of approximately HK$10.30 million (2018: HK$97.33 million).

Basic loss per share for the six months ended 30 June 2019 was approximately HK0.12 cent (2018: HK1.10 cents).

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2019 (2018: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

In respect of the aggregate net proceeds of approximately HK$557.23 million ("**2016 Subscription Shares Proceeds**") raised from the subscription of shares in July 2016 and November 2016, amongst which approximately HK$341.07 million had been used up to 31 December 2018 towards its intended use as stated in the circular of the Company dated 28 June 2016 and the announcement of the Company dated 28 October 2016. As at 31 December 2018, the unused balance of the 2016 Subscription Shares Proceeds was approximately HK$216.16 million. The actual use of the 2016 Subscription Shares Proceeds during the six months ended 30 June 2019 was, as to approximately HK$8.81 million, for Argentina operational purposes as intended. As at 30 June 2019, the unused balance of the 2016 Subscription Shares Proceeds was approximately HK$207.35 million.

The following table summarises the use of net proceeds for the 2016 Subscription Shares Proceeds during the six months ended 30 June 2019.

	Unused amount of net proceeds as at 31 December 2018	**Actual use of net proceeds during the six months ended 30 June 2019**	**Unused amount of net proceeds as at 30 June 2019**
	HK$ million	*HK$ million*	*HK$ million*
Argentina operational purposes	216.16	(8.81)	207.35

In respect of the net proceeds of approximately HK$736.40 million ("**Open Offer Proceeds**") raised from the open offer in April 2017, amongst which approximately HK$92.13 million had been used up to 31 December 2018 towards its intended use as stated in the circular of the Company dated 28 February 2017 and the offering memorandum dated 27 March 2017. As at 31 December 2018, the unused balance of the Open Offer Proceeds was approximately HK$644.27 million. The actual use of the Open Offer Proceeds during the six months ended 30 June 2019 was, as to approximately HK$21.08 million, for general working capital requirements including the repayment of interest and payment of overhead expenses as intended. As at 30 June 2019, the unused balance of Open Offer Proceeds was approximately HK$623.19 million.

The following table summarises the use of net proceeds for the Open Offer Proceeds during the six months ended 30 June 2019.

	Unused amount of net proceeds as at 31 December 2018 *HK$ million*	**Actual use of net proceeds during the six months ended 30 June 2019** *HK$ million*	**Unused amount of net proceeds as at 30 June 2019** *HK$ million*
General working capital requirements	84.98	(21.08)	63.90
Argentina operational purposes	59.29	–	59.29
Investment for oil and gas portfolio	500.00	–	500.00
	644.27	(21.08)	623.19

The Group maintained a treasury policy (as reviewed or modified from time to time when deemed necessary) for the investment of surplus cash. Surplus cash is mainly maintained in the form of term deposits with the licensed banks. The management of the Group closely monitors the Group's liquidity position to ensure that the Group has sufficient financial resources to meet its funding requirements from time to time.

As at 30 June 2019, the Group's net current assets amounted to approximately HK$895.68 million (31 December 2018: HK$907.82 million) and the Group had cash and cash equivalents of approximately HK$849.79 million (31 December 2018: HK$928.48 million).

Cash and cash equivalents of the Group as at 30 June 2019 were mainly denominated in Hong Kong Dollar, United States Dollar and Argentine Peso.

As at 30 June 2019, total equity of the Group was approximately HK$3,128.30 million (31 December 2018: HK$3,129.98 million). Net asset value per share equated to approximately HK$0.36 (31 December 2018: HK$0.36). Debt ratio, calculated as total liabilities divided by total assets, was approximately 10.01% (31 December 2018: 10.06%).

The Group financed its operations generally from a combination of working capital, borrowings and proceeds from the issuance of new shares of the Company.

Borrowings

As at 30 June 2019, the carrying amount of other borrowings of the Group denominated in Hong Kong Dollar was approximately HK$210.75 million (31 December 2018: HK$210.79 million), which represents unsecured debt securities in issue and carries interest at fixed rates. Details of the maturity of the carrying amount of the Group's other borrowings are set out in note 15 to this announcement.

Financial Covenants

As at 30 June 2019, the Group's other borrowings of approximately HK$54.40 million (31 December 2018: HK$54.40 million) are subject to the fulfilment of financial covenants relating to the Company's assets/liabilities ratio and the Group's consolidated adjusted net tangible assets, as are commonly found in lending arrangements with financial institutions. If the Group were to be in breach of these financial covenants, the Group's other borrowings would become payable on demand. As at 30 June 2019 and 31 December 2018, none of the financial covenants relating to other borrowings were breached.

Gearing Ratio

As at 30 June 2019, gearing ratio, calculated on the basis of interest bearing borrowings divided by total equity, was approximately 6.74% (31 December 2018: 6.73%).

Charge on Assets

As at 30 June 2019, the Group did not have any charge on its assets (31 December 2018: Nil).

Contingent Liabilities

As at 30 June 2019, the Group did not have any material contingent liabilities (31 December 2018: Nil).

Capital Commitments

Details of the capital commitments of the Group as at 30 June 2019 are set out in note 18 to this announcement.

Foreign Exchange Exposure

Assets and liabilities of the Group are mainly denominated in Hong Kong Dollar, United States Dollar and Argentine Peso. Most of these assets and liabilities are in the functional currency of the operations to which the transactions relate. The currencies giving rise to foreign exchange risk is primarily those from the Group's exploration and production activities in Argentina and investments in foreign companies. The Group currently does not have a foreign currency hedging policy. However, the management of the Group will monitor the foreign exchange exposures on an on-going basis and will consider hedging instruments should the need arise.

Employees

As at 30 June 2019, the Group employed a total of 40 (31 December 2018: 47) full-time employees in Hong Kong and Argentina. The staff costs for the six months ended 30 June 2019 amounted to approximately HK$11.64 million (2018: HK$12.17 million). The Group provides its employees with competitive remuneration packages which were commensurate to their personal performance, qualifications, experience, and relevant market conditions in the respective geographical locations and businesses in which the Group operates.

Material Acquisition and Disposals

The Group did not have material acquisitions or disposals of subsidiary, associated company and joint venture, which would have been required to be disclosed under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the period under review.

Significant Investments

As at 30 June 2019, the Group held other investment in equity securities and other financial assets amounting to approximately HK$20.28 million and HK$139.52 million respectively.

(i) Other investment in equity securities

As at 30 June 2019, the Group's other investment in equity securities comprised of unlisted equity investments in NordAq Energy Inc. ("**NordAq**") and Foothills Exploration Inc. ("**Foothills Exploration**") amounting to approximately HK$17.84 million and HK$2.44 million respectively.

NordAq is an oil and gas company based in Anchorage, Alaska and is mainly engaged in exploration, appraisal and development of hydrocarbon reserves in the State of Alaska, the United States of America. For the six months ended 30 June 2019, the Group recognised a loss of approximately HK$0.04 million on the change in fair value of the equity investment in NordAq in the consolidated statement of other comprehensive income.

Foothills Exploration is an oil and gas exploration and production company engaged in the acquisition and development of oil and natural gas properties in the United States of America. For the six months ended 30 June 2019, the Group recognised a gain of approximately HK$1.63 million on the change in fair value of the equity investment in Foothills Exploration in the consolidated statement of other comprehensive income.

(ii) Other financial assets

As at 30 June 2019, the Group's other financial assets comprised of listed equity securities, unlisted equity-linked securities and listed debt securities amounting to approximately HK$84.76 million, HK$23.96 million and HK$30.80 million respectively.

As at 30 June 2019, listed equity securities represented shares in Beijing Gas Blue Sky Holdings Limited (Stock Code: 6828) ("**Blue Sky**"). The principal activity of Blue Sky is investment holding and Blue Sky's subsidiaries are principally engaged in sales and distribution of natural gas and other related products. For the six months ended 30 June 2019, the Group recognised a net investment income of approximately HK$4.29 million in respect of the shares in Blue Sky in the consolidated statement of profit or loss.

As at 30 June 2019, the Group held certain unlisted equity-linked securities, the return of which are determined with reference to the closing prices of certain equity securities listed on the Stock Exchange. For the six months ended 30 June 2019, the Group recognised a net investment income of approximately HK$0.18 million on the unlisted equity-linked securities in the consolidated statement of profit or loss.

At as 30 June 2019, the Group held certain debt securities listed in Hong Kong or overseas. For the six months ended 30 June 2019, the Group recognised a net investment income of approximately HK$0.25 million on the listed debt securities in the consolidated statement of profit or loss.

UPDATE ON DIRECTORS' INFORMATION

Below are the changes of directors' information subsequent to the date of the Company's last published annual report required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

– On 5 June 2019, each of the three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Yung Chun Fai, Dickie and Mr. Chiu Wai On, entered into a letter of appointment with the Company for a term of three years commencing from 5 June 2019 and subject to retirement and re-election pursuant to the bye-laws of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Group strives to attain and maintain high standards of corporate governance best suited to the needs of its businesses and the best interests of its stakeholders as the Board believes that effective governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted and applied the principles of the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. In the opinion of the Directors, the Company was in compliance with the applicable code provisions of the CG Code for the six months ended 30 June 2019 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for the following deviations:

Code Provision A.4.1

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. During the period under review up to 5 June 2019, all independent non-executive Directors were not appointed for a specific term. On 5 June 2019, each of the independent non-executive directors entered into a letter of appointment with the Company for a term of three years commencing from 5 June 2019, subject to the requirements of retirement and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's bye-laws (the "**Bye-laws**") and code provision A.4.2 of the CG Code. Furthermore, Mr. Lee Chi Hin, Jacob has been appointed as a non-executive Director for a term of three years commencing from 1 April 2019. As such, the Company has complied with A.4.1. since 5 June 2019.

Code Provision C.1.2

Under code provision C.1.2 of the CG Code, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. During the period under review, the management of the Company did not provide monthly updates to all members of the Board as required by the code provision C.1.2 of the CG Code, as all the executive Directors were involved in the daily operations of the Group and were fully aware of the performance, position and prospects of the Company, and the management of the Company had provided to all Directors (including, non-executive Director and independent non-executive Directors) quarterly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details prior to the regular board meetings. In addition, the management of the Company had provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2019.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the period under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019 (2018: Nil).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

EXTRACT OF REPORT ON REVIEW OF INTERIM FINANCIAL REPORT

The following is the extract of the Report on Review of Interim Financial Report of the Company for the six months ended 30 June 2019 from the auditor of the Company, Messrs. KPMG:

"Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2019 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Emphasis of matter

Without qualifying our conclusion, we draw your attention to note 10 to the interim financial report which describes the uncertainties related to the extension of the Group's exploration permits in the Tartagal concession and the Morillo concession. The interim financial report is prepared on the basis that the aforesaid extension can be obtained within a reasonable period from the relevant government authorities."

For details of the above-mentioned note 10 to the interim financial report, please refer to note 10 to this announcement.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2019 have been reviewed by the audit committee of the Company. The interim results of the Group for the six months ended 30 June 2019 are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.nt-energy.com) and The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2019 containing all the information required by the Listing Rules shall be despatched to the shareholders of the Company and made available on the abovementioned websites in due course.

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

Hong Kong, 28 August 2019

At the date of this announcement, the Board comprises:

Executive Directors:
Mr. CHENG Kam Chiu, Stewart
Mr. TANG John Wing Yan

Non-executive Director:
Mr. LEE Chi Hin, Jacob

Independent Non-executive Directors:
Mr. CHAN Chi Yuen
Mr. YUNG Chun Fai, Dickie
Mr. CHIU Wai On